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ABSTRACT

This analysis of retirement planning and early retirement incentive plans in Illinois community colleges was drawn from a study of early retirement plans at each of the state's 39 community colleges, and a follow-up survey to clarify information in the documents and determine colleges' plans for the future. After introductory comments on the issue of the "aging professoriate" and the information sources for the analysis, chapter 1 provides a general discussion of retirement trends and attitudes nationally, including a review of research on employee attitudes toward retirement. Chapter 2 explores retirement in academe, summarizing several studies related to faculty attitudes toward retirement. Chapter 3 explores the history of the early retirement concept, the growth of early retirement programs in academia, the advantages and disadvantages of such programs, and attitudes toward early retirement. Chapter 4 considers various approaches to helping people plan for retirement, providing examples of pre-retirement programs. Financial aspects of early retirement are explored in chapter 5, which highlights early retirement incentive options and potential benefits of early retirement. Finally, chapter 6 examines early retirement in Illinois community colleges. This chapter describes the current retirement programs of Illinois community colleges, summarizes a study conducted by Illinois State University designed to determine the effectiveness of early retirement programs, and offers recommendations related to community college retirement programs. Appendices present survey responses to open-ended questions concerning community college retirement plans in Illinois, and survey instruments. (LAL)

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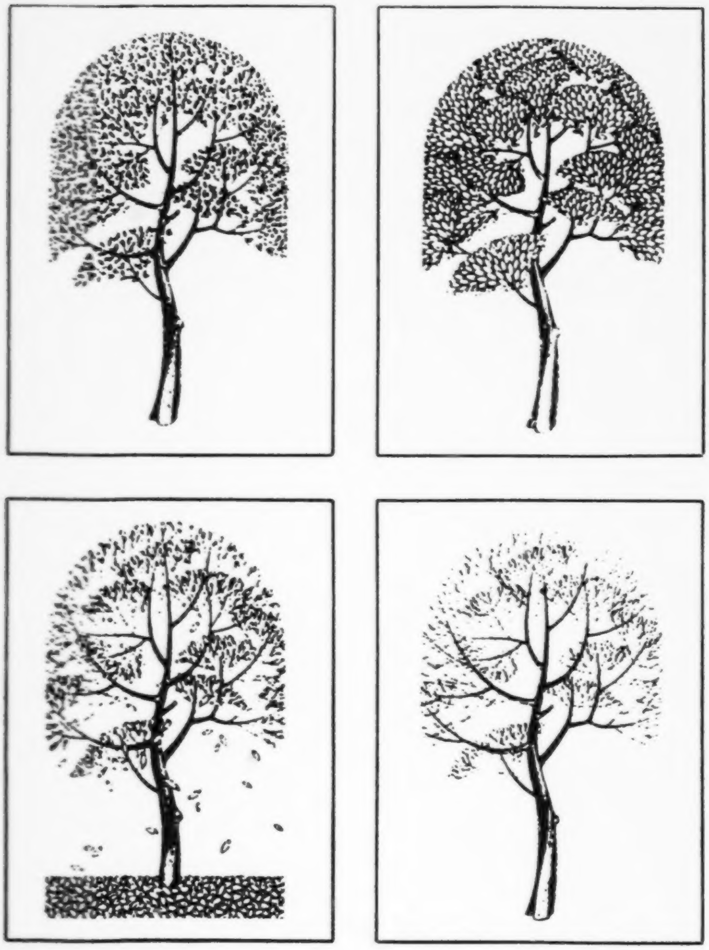

RETIREMENT IN ILLINOIS COMMUNITY COLLEGES

1985-86

David L. Peterson

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RETIREMENT
IN
ILLINOIS COMMUNITY COLLEGES
1985-1986

DAVID L. PETERSON

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RETIREMENT IN ILLINOIS COMMUNITY COLLEGES

INTRODUCTION

Retirement planning is not a new concept to higher education and has been in relatively common use over the past two decades. However, there are new environmental concerns facing higher education in the 1980s and 1990s which should prompt a renewed interest in retirement planning.

Since 1973 higher education has become increasingly concerned with institutional planning as a means to devise strategies to soften the projected severe reduction in the number of traditional students seeking a post-secondary education. Because of this and other reasons, institutional planning has often examined ways of reducing levels of faculty tenure, when high, as a means to maintain institutional health through staffing flexibility (Furniss, 1974). Today's planners must be concerned with marshalling economic resources in an environment of predicted scarcity.

A major cause for some alarm among administrators in the 1980s is what many have referred to as the "aging professoriate." The average professor will be forty-eight in 1990, reflecting an increased average age of nine years in the past two decades. It has also been predicted that this aging professoriate, in combination with a reduction in the need for new faculty lines because of declining student enrollments, will result in practically no professors under the age of thirty-five by 1990 (Gross, 1977).

The prospect of an over-aged, over-tenured faculty with declining economic inputs is, indeed, a cause for concern. More than simply needing to maintain some payroll flexibility, the need exists to rejuvenate the professoriate with new academic blood. An increasing frustration exists among new doctorates who cannot find the opportunities to practice what has taken years to learn. Such frustration will inevitably result in a trickle down effect, decreasing the aspirations of bright young scholars for careers in academe. At the very least, much potential scholarship would be lost. And, in the longer run, because of the loss of a generation of "mentors," higher education might have difficulty recruiting talented faculty away from other well-paying professional careers when the need for increased numbers of faculty is expected to reappear toward the end of this century. The loss to society of a vigorous and lively professoriate could certainly endanger national interests.

Shifting for a moment from the national to the state scene, the current interest articulated by educational leaders in Illinois community colleges about retirement planning has prompted Illinois State University to investigate early retirement incentive plans in the State's community colleges. Thus, the early retirement plans for each of the thirty-nine community colleges were collected and analyzed. (See Tables 1-2.) A follow-up survey was designed to clarify existing information and to generate new information regarding the goals of existing plans. An analysis of the survey data was then conducted and distributed in order to give educators necessary information to gain an increased understanding of the early retirement "picture" in Illinois community colleges.

TABLE 1

ILLINOIS COMMUNITY COLLEGE DISTRICTS WITH EARLY RETIREMENT PLANS IN ADDITION TO SURS

(October, 1985)

	District Number	District Name
1.	503	Black Hawk College
2.	508	City Colleges of Chicago
3.	507	Danville Area Community College
4.	502	College of DuPage
5.	509	Elgin Community College
6.	512	William Rainey Harper College
7.	514	Illinois Central College
8.	513	Illinois Valley Community College
9.	525	Joliet Junior College
10.	532	College of Lake County
11.	517	Lake Land College
12.	536	Lewis & Clark Community College
13.	501	John A. Logan College
14.	524	Moraine Valley Community College
15.	505	Parkland College
16.	515	Prairie State College
17.	521	Rend Lake College
18.	518	Carl Sandburg College
19.	506	Sauk Valley College
20.	510	Thornton Community College
21.	504	Triton Community College
22.	516	Waubonsee Community College

TABLE 2

ILLINOIS COMMUNITY COLLEGE DISTRICTS WITHOUT EARLY RETIREMENT PLANS IN ADDITION TO SURS

(October, 1985)

	District Number	District Name
1.	522	Belleville Area College
2.	519	Highland Community College
3.	529	Illinois Eastern Community College
4.	520	Kankakee Community College
5.	501	Kaskaskia College
6.	523	Kishwaukee College
7.	526	Lincoln Land Community College
8.	528	McHenry County College
9.	527	Morton College
10.	535	Oakton Community College
11.	537	Richland Community College
12.	511	Rock Valley College
13.	531	Shawnee College
14.	533	Southeastern Illinois College
15.	534	Spoon River College
16.	601	State Community College, E. St. Louis
17.	539	John Wood Community College

Employees in Illinois community colleges come under the State Universities Retirement System. The plans that were studied in this research were institutional plans that were in addition to the SURS plan. An explanation of the SURS early retirement plan follows.

STATE UNIVERSITIES RETIREMENT SYSTEM FOR ILLINOIS

PROVISIONS OF THE EARLY RETIREMENT PROGRAM

The State Universities Retirement System (SURS) makes provision for the early retirement of employees in the State Universities System on or before September 1, 1992. Community college employees in Illinois are included under the provisions of this system.

An employee who chooses to retire between the ages of fifty-five and sixty with at least eight, but fewer than thirty-five years of service credit (where service credit is defined as full-time employment under the State system including excused leaves, such as military service and disability, where the employer is making contributions to the system on behalf of the employee) is eligible to retire before the minimum age set by the State without the one-half of one percent reduction per month. The requirements for early retirement eligibility include:

1. Retirement prior to September 1, 1992;
2. Retirement within six months of the last day of employment;
3. Employee and employer make a one-time, lump-sum payment to SURS based upon the employee's highest annual full-time salary rate, or, if not full-time, the full-time equivalent, in the final average salary periods. The one-time payments do not increase the amount of service credit, but serve to eliminate the reduction for retiring before age sixty with fewer than thirty-five years of service.

The employer pays twenty percent of the highest full-time rate of salary for each year the employee retires prior to obtaining the age of sixty.

The employee shall contribute into the SURS at a rate of seven percent of salary multiplied by the lesser of the following sums: (a) the number of years that the employee is under age sixty; or (2) the number of years that the employee's service credit is less than thirty-five.

The State has made provision that no fewer than fifteen percent of the employees eligible may participate in the Early Retirement Program in any year. Decisions regarding those who may participate when more than fifteen percent have applied will be based on years of service to the institution.

CHAPTER ONE

RETIREMENT

The United States Department of Labor has reported that over 39 million Americans will have reached the age of sixty by 1990. This age group will approximate the size of the age group in their twenties and thirties (U. S. Department of Labor, 1978). By the year 2010, the fifty-five or older age cohort will increase its size from twenty percent to twenty-five percent of the total United States population. This trend is expected to continue and by 2050 one-third of all Americans will be of retirement age ("Welcome," 1986).

Already this senior cohort group is the fastest growing segment of the United States population and, as such, creates some interesting problems for employers. The problems, which will require significant planning in order to manage them properly, include the declining productivity of older workers, the greater loss of work time due to health-related disorders, the higher costs of paying salaries and benefits for senior employees, as well as the inability to prepare the organization for the future by hiring young employees with fresh ideas into the organization at mid-management levels.

A relatively large number of older employees in the organization will have the effect of reducing the number of entry-level positions and thus the ability of the organization to restore itself through flexible hiring practices in the face of changing environmental conditions. This situation also has implications for the vocational preparation of young professionals.

While some reports have shown that a lack of professional opportunities has the effect of diminishing and frustrating the career plans of aspiring young professionals, especially those seeking entry into faculty positions in higher education, numerous other studies have demonstrated that persons with high aspirations tend to stay in college during periods of high unemployment. Ironically, this factor has lead to a Catch-22 for many students who find themselves over-educated, under-salaried, and under-utilized in the employment that is open to them while waiting for professional vacancies to develop. It is possible that this very situation has helped to create what Freeman has labeled an "overeducated society."

Due to the aging population of the United States, more people have entered or are nearing retirement than ever before. With people living longer, life after retirement will be longer tomorrow than it is today and is much longer today that it was even twenty years ago. Thus, it has become necessary to confront the old stereotyped view of retirement as that narrow period after work has ended and prior to death. Such a view was probably based on the notion that life and work are locked in a symbiotic relationship.

The traditional view of retirement also, no doubt, stems in some part from our observations of retired persons. Retired persons play cards, babysit grandchildren, sit on park benches feeding pigeons, and watch television when not tending their gardens. Not all retired persons do these activities. In fact, it is possible upon quick reflection to conjure up the name of a retired person we know, maybe a parent, aunt, or friend, who is quite the opposite of the stereotype. This individual may be what was once referred to as a "card" or "swinger," but who in today's jargon is living a "full" life, replete with a variety of interesting activities.

The point made here is an obvious one. The traditional stereotyped view of the retiree no longer maintains nor should it. Retirement is, and should be, a period in which the individual has the opportunity and time to explore practically anything deemed explorable. It is a time to seek new meanings rather than to surround oneself with remembering what was, to expand horizons rather than be constricted by closed thinking, and to act out new and enjoyable behaviors, as opposed to being limited to acting as one's retired parents acted.

The reality for many retirees does contain some restraints which usually come in the form of necessary financial or health adjustments. Many retirees must adjust to incomes which are greatly reduced. Inflationary cost of living increases have eroded carefully planned retirement incomes and are usually a source of major concern to retirees (King, J., 1977). However, the retiree of today is more likely to have a greater retirement income from savings, investments, pensions, and Social Security than retirees of the last decade. In fact, today's retirees are well off enough that they are now seen by the business community as a sufficiently profitable consumer market and product advertising has been altered accordingly.

The business community has come to the view that senior citizens are "noted for their willingness to spend on travel and leisure activities, health care, fitness, financial services, real estate, luxury cars, cosmetics, and dozens of other consumer products." Furthermore, "almost half of all the wealth in this country is in the hands of people over 50" ("Welcome," 1986, E5). Thus, it can easily be ascertained that times are changing for retirees and that conceptions of retirement as well as perspectives of retirees need to be revised.

(No attempt will be made here to discuss the various definitions of retirement as little purpose would be served. Atchley (1976,1), in his very significant work The Sociology of Retirement, has defined retirement as "a condition in which an individual is forced or allowed to be and is employed less than full-time ... and in which his income is derived at least in part from a retirement pension earned through prior years of service as a job holder. Both of these conditions must be met for an individual to be retired.")

Employee Attitudes Toward Retirement

Retirement often represents a major adjustment in the life of a person because in many cases work is so closely integrated with personal identity. Many sociologists have considered the nature of work and identity, concluding that an individual's status in the community as well as one's self-concept are largely influenced by his/her work.

Frears and Schneider (1981) report that retirement results in a feeling of internal loss embedded in change. Without recognition of the loss combined with interpersonal support, the consequent change in the individual will remain a source of stress. Actually, the stress experienced by the retiree is directly related to the retiree's ability to be flexible, to deal with a substantial amount of change in a routine manner (Atchley, 1976). Why is retirement such a time of change? Aside from the obvious adjustments in lifestyle due to having less income and more time, retirement can require more serious adjustments than those mentioned. Friedmann's seminal work (1954) investigated the meaning of work. He found that people generally viewed work on a continuum of meaning, ranging from the view of work as a strictly economic undertaking to work as a totally social entity for the individual. Most employees tend to fall somewhere in the middle of the continuum, deriving satisfaction from both the economic and social aspects of work.

Friedmann postulated that the relationship between work and retirement was as follows (p.7):

1. Work has recognized meanings in addition to that of earning a living.

2. Those persons who regard work as primarily a way of earning a living will prefer to retire at age sixty-five (or normal retirement age).

3. Those persons who stress values other than that of earning a living will prefer to continue working past age sixty-five.

4. The extra-economic meanings of work are stressed to a greater extent by members of the higher skilled occupational groups.

Friedmann suggested that through an understanding of the satisfactions an individual receives from his/her work, determination can be made of the most appropriate time for that person to retire. Friedmann provides a justification for the extensive use of pre-retirement seminars as a means of helping individuals to explore their attitudes about the meaning of work and retirement.

Early research on retirement attitudes indicates that any resistance to retirement on the part of the worker is related to a strong commitment to work (Freidmann & Havighurst, 1954). However, Simpson, Back, & McKinney (1966) found that the level of occupation was related to work commitment and, therefore, to attitude about retirement. Their research showed that high and middle-status employees experienced more positive commitments to their jobs and had a correspondingly lower interest in retirement compared to their colleagues who reported a lower level of commitment to the job. This finding was curiously reversed for semi-skilled workers with highly positive commitments to their jobs. Such workers looked forward to their retirement.

Goudy (1971) studied attitudes toward retirement of workers who were approaching retirement age and those who had exceeded retirement age. Goudy found that all workers fifty years of age and older favored retirement if an income, leisure, and freedom could be guaranteed. Not surprisingly, perhaps, were the attitudes of workers over the age of sixty-five who preferred to continue working to further their financial independence.

Atchley (1976) suggests that this apparent contradiction can be understood from the perspective that commitment toward work is not necessarily related to attitudes toward retirement. He suggests that commitment toward work is specific to the type of employment, whereas attitudes toward retirement are more related to the amount and quality of preparation for actual retirement. Other studies indicate that planning for retirement will help facilitate a positive attitude toward retirement (Ash, 1966). Among employees who planned prior to retirement, eighty-one percent were positive about retiring compared to only thirty-eight percent of those not doing pre-retirement planning.

Many researchers have studied the relationship between personal characteristics and the decision to retire. As with previous research mentioned above, not all relevant studies will be discussed in this context.

Health problems have been a significant factor in the decision to retire. Ireland (1972) investigated this phenomenon and discovered that almost seventy percent of completely retired men and forty-nine percent of partially retired men reported leaving work because of health problems. Ireland, however, suggests that these findings may be higher than anticipated as stated health problems could serve to rationalize, in a socially legitimate fashion, an employee's decision to retire.

There has been little research done on retirement as a means of gaining more leisure time. One study did report that of retired wage and salary employees, twenty-eight percent of the respondents stated their decision to retire was related to having independent use of their time (Epstein & Murray, 1968). However, numerous studies have dealt with the number of resources available to the retiree as a component in the decision making process. Atchley (1972) found that college-educated persons are more likely to plan for retirement and, consequently, retire earlier than non-college workers. Other studies have suggested that education was not a significant factor in the decision when occupation was controlled (See Ireland, 1972). Financial status at the time of retirement as a decision factor has been studied with varying conclusions. Some studies report that available income is an important factor in the decision to retire, and other studies indicate that income is mediated by occupational level as an influence.

It is clear that many factors interplay with the decision, but health, work satisfaction, and perception of financial adequacy seem to be the primary influences in the decision to retire. In following chapters, we will examine the decision to retire at normal and earlier than normal age in relation to academic personnel.

There are several theories which account for how retirees adjust to the loss of work.

1. The Activity Theory assumes that the loss of a job must be replaced by some other meaningful activity. The new activities help the retiree to integrate his identity to his new status.

2. The Continuity Theory suggests that adjustment is more easily made if the retiree devotes greater amounts of time to doing the things he already enjoys and finds meaning in, as opposed to adding new activities to his/her life.

3. The Disengagement Theory holds that retirement is a socially useful vehicle for allowing persons who are biologically incapable of keeping up to "bow out gracefully." The Disengagement Theory offers little in helping the retiree to understand and cope with the loss caused by retirement.

4. Yet another theory attempts to synthesize the first three theories. This eclectic theory maintains that a retiree needs to entertain what new roles are open to him/her and focus on the important roles of the moment, rather than spend time experiencing the confusion resulting from the loss of the work role (Atchley, 1976).

CHAPTER TWO

RETIREMENT IN ACADEME

The concept of retirement in academe has a particular uniqueness due to the nature of the scholarly profession. Equating retirement in academe with retirement in other professions can be an inexact exercise. The reasons for the uniqueness of the concept as applied to academe are based in the intrinsic relationship between the responsibilities of the office and the office holder. The inherent qualities that are found in those who choose to teach and do research provide this symbiotic relationship between the "teacher" and this person's art. Thus, the question becomes not "How soon can I retire to the golf course?" but "How can I possibly give up my life's work when I am still able to contribute?"

It is common knowledge that persons involved in teaching and research are more likely to be intellectually stimulated by their profession. Such intellectual stimulation, the opportunity to work with young people, and the relative lack of hazards and stress in the workplace probably account for the longer lifespan of professors as compared to persons outside academe. This greater longevity would seem to allow faculty the opportunity to spend more time at their craft prior to the need for retirement. In many cases, no doubt, this is the situation. It has been documented that faculty who continue to be excited about teaching in later years and are productive in doing research are reluctant to retire until they reach a mandatory retirement age.

Faculty attitudes toward retirement have not been the subject of considerable study. However, in a study of differences in attitudes toward retirement among male and female faculty members and other campus professionals (the sample consisted of faculty and non-teaching professionals at a university, a four-year private college, and a community college), Anderson (1978) found that attitudes toward one's own retirement tend to be gender-related. The modal response for men was of "looking forward to retirement with pleasure," while "looking forward to retirement with mixed feelings" was the modal response for women. The gender differences were primarily noticeable among married university professionals.

The data for the Anderson study indicated that women tended to have less positive attitudes than men toward retirement. Possible explanations put forth by the authors for the more negative attitude of women toward retirement included the following: (1) many women who returned to work after periods of child rearing had fewer available years in which to satisfy personal career goals, and (2) the greater longevity of women means that women potentially will face a longer retirement life than will men.

Myers and Pearson (1984) interviewed twelve married academics in a private university who were all within five years of retirement. Although the sample used was not very representative of all faculty, nevertheless, the data gathered shed some light on the concerns of faculty vis-a-vis retirement. Four out of five of those interviewed expressed a preference to work, health permitting, to the maximum retirement age of seventy. The faculty took a measure of comfort from the knowledge that they themselves could determine when and how they would retire. They perceived both advantages and disadvantages resulting from retirement. The perceived primary advantage was having more independent control over the use of one's time. This added control was seen to allow more attention to be paid to writing, research, and consulting. Other activities anticipated included long-delayed learning projects, the arts, physical activities, personal time with family and others, and increased participation in community affairs.

The perceived retirement drawbacks found in the Myers and Pearson study centered on the loss of

> professional stimuli and personal rewards inherent in the current worksetting -- such stimuli as the interchange of information and ideas, the needs, expectations, and support of colleagues, the interaction with students, and such rewards as the availability of office space, equipment, and support staff (p. 69).

The view of these faculty was that continued productivity would be difficult without the material and personal supports available at the university.

Although retired professors frequently lack the support services enjoyed during employment, other advantages of retirement may serve to increase an academic's productivity. One study discovered that for college professors, retirement provided relief from the many time-consuming tasks that some felt were counter-productive to their research productivity. Such tasks as were mentioned included advising, mentoring, committee work, and teaching (Kell & Patton, 1978).

Rowe (1973) investigated perceived faculty productivity in retirement. His results were similar to those mentioned above. Faculty members in retirement continued their scholarly activities at much the same pace as during employment. Rowe concluded that for many retired professors, continuing their academic work was analogous to the pursuit of hobbies for non-academic retirees.

The studies reported here do not afford a very solid picture of the academic retiree. Indeed, the study of professors who retire at normal age has apparently not been a popular research topic.

CHAPTER THREE

EARLY RETIREMENT IN ACADEME

Early retirement traces its definitional roots to the Social Security Act of 1935, which established the minimum age for receiving retirement benefits at age sixty-five. Thus, sixty-five came to be considered the "normal" retirement age. Retiring at any age less than sixty-five could, therefore, be defined as early retirement. Since reduced benefits have been available at age sixty-two, early retirement has become widespread (Barfield and Morgan 1978).

Since the 1960s, there has been a trend in industry and government toward greater and greater numbers of employees choosing early retirement. As a case in point in industry, one large oil company discovered that some eighty percent of its employees were retiring before the age of sixty-five, as early as 1973 (Perham, 1973). In 1976, the Civil Service Commission reported that the average retirement age of all federal employees was fifty-eight and two-tenths. The Commission also reported that similar figures were characteristic of personnel retirement in major corporations (Fight's, 1977).

The concept of early retirement may have evolved from early union demands for earlier and earlier retirements (Why, 1974). Hohu (1979) surmised that early retirement was beneficial to companies as it offered a vehicle for reducing the work force by urging employees to retire early. In addition, not only did early retirement permit the creation of open positions in which to hire young employees, it also provided a means of escape for older workers from routinized, hazardous, boring, or oppressive work.

Industry has long been the leader in providing early retirement incentives to expedite the removal of non-productive workers. Lump-sum severance payments. supplements to both private pensions and Social Security, and additional perquisites have been used to stimulate early retirement (Patton, 1979). Patton reported that as early as 1979, ninety-six percent of the pension plans in industry had early retirement provisions.

While seventy-eight percent of the plans required the early retiree to accept the actuarially reduced value of accrued benefits (the smaller benefit reflects the smaller amount of money paid into the pension fund as well as the longer period for which the benefit will be drawn), the liberalized benefits in the other twenty-two percent of the plans were provided in the following ways (Patton, 1979, 30):

1. A liberalized early-retirement discount may be offered. The accrued retirement benefit is still reduced for each year the employee is under the mandatory age, but the

reduction is not as severe as the standard actuarial reduction.

2. The full benefit that would be received at the mandatory retirement age may be given without any reduction for early retirement.

3. The regular early retirement benefit may be supplemented until the early retiree reaches age sixty-five, when he can draw an unreduced Social Security benefit.

These benefits may be offered in three different ways: as a general benefit available to all; as a restricted benefit available to only a select group (senior supplements); or what is called "company-option supplements"; which are made available to those who the company wishes to retire.

Patton found that in some cases early retirement programs were actually disguised termination programs which fell into these basic categories (1979, 30):

1. One-time payments, sometimes spread over a number of years;

2. Liberalization of the early-retirement actuarial reduction;

3. A pension supplement, sometimes geared to expected Social Security income; and

4. Part-time, post-retirement employment, often at a special task.

Early retirement programs in higher education have been around for decades. Patton (1979), in his very thorough study, Academia in Transition: Mid-Career Change or Early Retirement, reports that these plans usually only allowed for early retirement with a reduced annuity. Recently, however, it is becoming more common for institutions to feature incentives in their early retirement practices.

This change in institutional early retirement practices seems to have paralleled key external factors that impact higher education. The 1950s and 1960s saw tremendous growth in higher education. Practically all institutions were expanding due to the unprecedented demand for their services. The new demand gave tremendous impetus to the community college movement. It required institutions to expand physical plants and faculties at unprecedent rates. Planning was under-utilized due to a very strong need to expedite the provision of comprehensive services. Hence, new faculty were being hired rapidly with little concern for future staffing needs.

New students came from many sources. The baby boom generation was standing in line to follow the veterans through higher education. Civil rights laws were being passed and minorities were beginning to attend higher education as never before. The tone of the country was one of expansionism, equalitarianism, and general optimism. However, since the booming 1950s, 1960s, and 1970s, demographics have changed. Out of the zero-population growth years of the 1960s has come a decline in the numbers of eighteen to twenty-two year old students. Much of this decline has been offset by recession-fueled percentages attending college. The rapid need for new technological training, combined with the ever-changing pattern of student vocational interests, have caused colleges and universities to seek more flexible staffing patterns in order to meet demands for new fields of study.

Older institutions of higher education in the 1980s have often experienced unexpected and somewaht troublesome situations. On the one hand, the inflationary increases in prices of the 1970s depleted endowments to new low levels. Physical plants starved for repair in the face of severely overtaxed budgets. Colleges were highly tenured with faculty in their forties and fifties, and student consumerism forced change in the traditional curriculum, and not the least of worries were to be found in the federal cutbacks in student financial aid. In short, times were difficult for many institutions of higher education. It was necessary to find a solution to these problems in a period of declining fiscal health.

Of course, many of these problems have been overcome by intensified recruiting and fund-raising. The feared decline in student numbers has not been widely felt, and fund-raising campaigns have been surprisingly successful. However, some faculties continue to be highly tenured and inflexible to manpower need shifts. Some writers have advocated changing traditional tenure policies as a way to reduce high tenure rates, but such a touchy political issue as tenure need not be a consideration in the reasons for having early retirement programs.

Several writers (Patton, 1979; Mitchell, 1981; Taylor & Coolidge, 1974) are in agreement that early retirement programs originated in response to budgetary and manpower problems. Patton elaborates on the manpower issue by noting that there are two categories of unnecessary employees related to changing demands on the services provided by the institution. First, are those faculty who were hired during the expansion times who lacked the sufficient depth to teach more than one or two courses in the same field. Second, are the faculty hired to perform specializxed administrative or counseling functions in areas no longer needed. Faculty in these two categories are likely candidates for early retirement.

In a way, then, the proliferation of early retirement programs may be seen as resulting from the problems inherent in the presence of a highly tenured, middle-aged faculty in times of change, a situation which makes it very difficult to bring in fresh young scholars or offer new academic programs. Associated personnel problems would include maintaining a high payroll and planning for the turnover at some future date of possibly a large number of faculty over a relatively short time.

The advantages of early retirement programs for institutions in higher education are generally agreed upon as being:

1. Early retirement programs improve faculty turnover which allow for the hiring of new faculty members, including women and minorities.
2. Early retirement programs are useful in developing faculty-staffing policies which take into consideration changing demands for course offerings.
3. Early retirement programs can result in moderate financial savings that allow for increased budget flexibility.

While early programs have advantages, they also have disadvantages:

1. The advantages realized in the budget may be slight depending upon whether the faculty members hired to replace the retirees, if any, were hired at a comparable salary. Even if the salary for the replacement was fifty percent of the retiree's salary, early retirement incentive costs could reduce the overall saving to twenty-five percent of the original faculty salary (Gross, 1977).
2. Providing "too" attractive an early retirement package may result in a financial drain on the institution, especially those that pay high starting salaries if larger than expected numbers of faculty opt for early retirement.
3. Failure to carefully coordinate the early retirement program with manpower needs can seriously hinder the academic program (Taylor & Coolidge, 1974).

All of these factors should be taken into consideration in the planning of an early retirement program. Gross also suggests that to be truly fair to faculty and provide them with more than economic benefits, retired professors should not be "put out to pasture," assuming that they have continued research and teaching interests. He maintains that at the very least, a retired professor should be allotted office space and secretarial assistance.

Attitudes Toward Early Retirement

Attitudes toward early retirement are very positive in the literature. Early retirement allows the employee to choose the retirement time, perhaps even soon enough to develop a second career. Also, since many early retirement plans include economic incentives, many faculty can afford to leave what might be for them no longer an interesting vocation.

Patton (1979) conducted a rather extensive study on attitudes of early retirees toward early retirement in four universities and two corporations. These retirees participated in special incentive programs. He found that ninety-eight percent of early retirees were either satisfied or very satisfied with their decisions. Of these, seventy-three percent reported being very satisfied with their decisions. From Patton's recapitulation of the literature, it also appears that academics look forward to early retirement, are satisfied with retirement living, tend to be in good health, and have relatively good incomes in retirement. Patton suggests that health and income are the two key variables influencing retirement satisfaction and that retired academics feel more positive about retirement as they are able to continue their academic interests in retirement.

In another rather extensive study of early retirement attitudes, Mitchell (1981) examined 647 returned questionnaires and found that the three most important conditions that would permit faculty to retire early are (1) additional pay; (2) insurance; and (3) part-time employment. Other Mitchell findings are summarized as follows: Women intend to retire earlier than men; younger faculty indicate earlier ideal retirement ages than faculty over fifty-five; full professors plan to retire later than faculty in lower ranks; faculty who plan to retire early tend to look forward to retirement; and dissatisfied faculty prefer early retirement. Interestingly, Mitchell discovered that more than sixty-three percent of her respondents felt that the ideal retirement age was lower than sixty-five, with one-third preferring to retire before age sixty.

It is clear that the attitudes of faculty in higher education toward early retirement vary and that these attitudes vary for a number of different reasons. It seems that faculty are probably more inclined to work longer than other workers in the general population because of the intrinsic rewards derived from teaching and research, as well as from the social and collegial relationships to be found in the higher education setting. Also it might be gleaned from the literature that faculty have the same concerns of other workers about their lives in retirement, the concerns about having adequate finances and insurance coverages.

CHAPTER FOUR

Planning for Retirement

The natural tendency for many people seems to be to put aside thoughts of any aspect of retirement until shortly before retirement is to begin. Such procrastination may be counterproductive and have negative repercussions during retirement. Since annuities can build substantial interest over long lengths of time, it is prudent to begin financial planning early. Also to be considered before late in a career are such lifestyle questions of retirement as where to live, whether part-time work would be satisfying, and what that work might be. Additionally, the future retiree must carefully evaluate how he/she might respond to the psychological changes inherent in no longer having one's time structured by the world of work.

Patton (1979) and Mitchell (1981) have discovered that those who plan for retirement tend to look forward to retirement and are generally more satisfied with retirement life. Some of the special problems experienced by early retirees, even when advanced planning was done, included (Hohu, 1979) unanticipated steadily increasing State and local taxes, inflationary erosion of retirement incomes, and a move away from friends to be close to children only to find the children relocating. These problems are reflected in a survey by the American Association of Retired Persons (AARP) which found that the areas of greatest interest to retired persons in order of priority were: (1) finances, (2) health, (3) housing, (4) social/personal aspects, and (5) use of time (Brenner & Linnell, 1976).

To help overcome these problems, several approaches have been developed to help people plan for retirement. Current pre-retirement programs usually fall within three general categories:

1. The group-counseling approach, with the focus on the interpersonal, social, and psychological retirement aspects;

2. The information-media approach which utilizes audio-visual media and centers on retirement topics with supplemental aids and small-group discussion;

3. The lecture-discussion format keying on special topics and using lectures, films, guest speakers, and group discussion (Brenner & Linnell, 1976).

Whatever the format, and there are numerous models to fit each format, perhaps the most important ingredient in the process is the future retiree's willingness to maintain an open mind during the pre-retirement program. Research on retired persons reveals that the most important factors in retirement adjustment are an accurate preconception of retirement, favorable attitudes, and making plans for retirement (Manion, 1974). However, Manion states that few retirement programs are actually designed with these issues in mind. He advocates a program utilizing the active participation of the participants. Manion stresses,

> as group members explore their attitudes and aspirations, there is an observable movement toward individual problem identification and a commitment to retirement planning, problem solving and self-actualizing behavior (1974, 34).

(It is interesting that one suggestion Manion gives to meet the tremendous need for pre-retirement counseling is adult education in community colleges.)

Although there are certainly common factors in retirement faced by all retirees, the retirement needs of academics have received special consideration. One such study (Myers & Pearson, 1984, 72) has attempted to identify the needs of pre-retired academics and discovered that the following themes were important:

1. Managing self and adapting to circumstances effectively;
2. Being in close relationship with spouse, family, and a few close friends;
3. Surviving professionally (through formal and informal alternatives);
4. Making a contribution to others and being needed by others;
5. Exploring and developing capabilities and relationships.

Although there are numerous models for organizing pre-retirement programs and as many rationales for doing so, it is critical to keep in mind the needs of the pre-retirees when designing the pre-retirement program. A variety of self-assessment instruments are also available in the literature for assisting the pre-retirees to determine their readiness for beginning the pre-retirement process. A rather complete list of items to consider before developing a pre-retirement program have been delineated by Atchley (1974, 35). These questions launch an effective program:

1. What is the impact of employer attitudes toward retirement on the effectiveness of retirement planning programs?
2. What is the impact of how the staff views retirement on their ability to plan and direct a successful program?

3. What changes have occurred recently in people's attitudes toward retirement? How will this affect retirement planning programs?

4. Does everyone need retirement planning? How can those who do be identified?

5. To what extent must the strategy used in retirement preparation be tailored to fit the type of person who is retiring? What criteria could be used to sort people out?

6. What should the goals of retirement planning be?

7. What do people see as potential retirement problems?

8. Are there retirement problems that a retirement planning program cannot or should not handle?

9. To what extent should retirement planning programs emphasize potential problems as opposed to presenting a balanced picture of positive and negative issues?

10. How should retirement planning programs be structured?

    A. What topics should be covered? What format works best?

    B. How old should the participants be? How close to retirement?

    C. To what extent should retired people be involved? What about other outside resources?

    D. Should there be separate programs for men and women?

    E. What is the optimum size for a group?

    F. How many meetings should there be? How long for each meeting?

    G. Should spouses be invited?

11. How can people be encouraged to participate?

12. What resources are available (experts, films, literature, etc.)?

13. How do you know that the program is successful?

A number of models or examples of pre-retirement programs will be presented below, and the interested readers may find a type of program that seems particularly suited to their needs. This report will not attempt to persuade the reader of the "best" type of program available, nor will one type of program be consciously trumpeted over another. The type of program selected should be based entirely on the needs of the clientele. Paying for consultants or outside experts can be very costly. The possible advantages of having outside consultants do the work are that staff people do not have to spend time planning and orchestrating workshops, the objectivity of the "outsider" may lower the inhibitions of the participants to share personal feelings, and the attendance may be higher for a perceived expert consultant. However, for organizations that cannot afford to bring in experts a couple or more times a year, or even once a year for that matter, finding the right mix of in-house and local people to do workshops might be the only practical solution. But even in this latter case, it may be prudent to hire a consultant at the beginning of program development.

A program by a professional consultant, such as Retirement Services, Inc., has a format spread over several days involving sixteen hours of lectures and activities covering the following areas (Brenner & Linnell, 1976, 81, 82):

1. Orientation to pre-retirement planning.
2. Attitudes toward retirement.
3. Facts about retirement and aging.
4. Retirement planning: income and finances.
5. Personal assets and liabilities.
6. Activities in retirement.
7. Living arrangements, family, and friends.
8. Physical and mental health.
9. Social and personal relationships.
10. Plans and policies for retirement.

Wilson and Oerke (1981, 11) provide the following outline of their retirement planning program:

Part A: Facing Retirement.

Session 1: Living in retirement.

Part B: Personal Changes.

Session 2: Relationship - Family and Friends.
Session 3: Using your time.

Part C: Money Matters.

Session 4: Financial preparations.
Session 5: Legal affairs.

Part D: Home and Health.

Session 6: Your home and your health.

Part E: What's Ahead.

Session 7: Your future years.

A program designed at the University of Wisconsin featured a forty-two hour pre-retirement workshop designed as below (Casebolt, Hustedt, & Juhnke):

A. Financial Planning:

- --Social Security
- --University Fringe Benefits
- --Various Insurance
- --Other financial Matters

B. Physical and Mental Health

C. Housing and Living Arrangements

D. Leisure Time Activities

The University of Chicago program emphasizes the following topics (Brenner & Linnell, 1976):

1. The challenge of later life.
2. Nutrition and health.
3. The physical side of aging.
4. Mental health in later life.
5. Financial planning in retirement.
6. The meaning of work.
7. Getting the most out of leisure.
8. Increasing your retirement income.
9. Family, friends, and living arrangements.
10. Where to live when you retire.
11. Program plans and evaluation.

The University of Southern California model (Brenner & Linnell, 1976, 85, 86):

Session I:

Orientation to pre-retirement planning

- --Why we are here
- --Value of planning
- --Barriers to planning
- --Problems in retirement
- --Myths vs. facts in aging

Estate planning

- --Legal aspects and wills
- --Importance of estate planning
- --Types of property ownership Session II:

Session II:

Economic planning for retirement

- --University pension plan
- --University benefits
- --Financial planning from viewpoint of USC retired employee
- --Listing financial assets
- --Fill out budget form
- --Social Security and Medicare

Personal resources as distinguished from financial

- --Second career
- --Part-timne jobs
- --Volunteer work and organizations
- --Group discussion on personal resources

Session III:

Maintenance of physical and mental health

- --Observations on aging
- --Significance of health maintenance
- --Connection of mental health to physical health
- --Importance of nutrition

Session IV:

Roles and interpersonal relationships

- --Psychological adjustment in retirement
- --Need to develop alternate roles and relationships
- --Effects of retirement on use of time

Session V:

Potentials and possibilities in retirement

- --How to improve communication
- --Review of personal and hidden resources
- --Good things about retirement
- --Projection of most desirable living environment after retirement
- --How to live to be 100

Session VI:

Where it's at in retirement

- --Film, "The Art of Age" and discussion
- --Housing in retirement: condominium, cooperations, apartment, and dwelling

--Individual commitment
--Evaluation

This chapter has discussed the reasons for offering pre-retirement seminars/programs to future retirees. It is important to note again that pre-retirement programs provide individuals with solid opportunities for "coming to grips" with the uncertainties of retirement. Additionally, these programs offer needed information to the future retiree, enabling that person to plan wisely.

The pre-retirement programs provided in this chapter are only examples of what might be appropriate for an individual institution. Each institution will want to tailor its program to meet its individual needs and circumstances.

CHAPTER FIVE

FINANCIAL ASPECTS OF EARLY RETIREMENT

Options in early retirement programs are of considerable interest to administrators and faculty because of the obvious financial costs or benefits to each. Both administrators and faculty have various and sometimes diverse perspectives on the content of early-retirement benefit packages and the options, if any, that are offered. Certain options have greater financial benefits than others, and selecting the most appropriate option can prove to be a real advantage to faculty members and provide them not only greater flexibility in maximizing their benefits, but offer a safer hedge against the real possibility of serious future inflationary erosion of the retirement income.

While institutions adopt the use of early retirement programs to accomplish a variety of objectives, a primary goal often seems to be a systematic elimination of older faculty members as a means to access increased institutional flexibility to respond to changing demands for program offerings. In addition, early retirement also allows for the removal from the ranks of bored or burned-out faculty, eliminates or opens tenure-track slots for new or younger faculty members, allows for the shifting of tenure-track positions between departments/programs, and can result in financial relief for the institution if all retiring faculty members are not replaced. Thus, early retirement certainly serves different interests for both faculty and administrators. Some potential problems with early retirement plans can be eliminated if early retirement can be seen as a means for rewarding faculty for long years of service to their profession and if faculty view early retirement packages not from a strictly financial-gain model, but also from a view toward what is best for themselves personally and for the institution professionally.

There are a multitude of reasons why faculty members seek early retirement to satisfy one or more personal objectives, as well as reasons why early retirement is seen as an unsatisfactory recourse. Jenny (1974, 10-11) describes these satisfying reasons as:

1. A position, long-held, is being phased out;
2. Weakening health short of total disability prevents satisfactory performance or could endanger the person's life;
3. Emergency family considerations require the employee's absence from the job;
4. Boredom is setting in after long years of performance in a field of study undergoing little change;

5. Premature obsolescence has occurred because the field of study is changing too rapidly;

6. In the new environment, contact with younger people -- students and colleagues -- has become too demanding, frustrating, or mentally and physically dangerous;

7. A new career in a field for which the employing institution has no openings is appealing;

8. Traveling and enjoying more leisure time is appealing while one is still in good health; and

9. Phasing into full retirement gradually by "semi" early retirement with a reduced workload has an attraction.

Reasons why early retirement might not be construed as suitable for an individual include:

1. There is a stigma to early retirement in many occupations or in the eyes of some personnel lest others think that one has been fired or that one is a quitter;

2. The second career option entails risks, and it is more likely to be taken when job openings are plentiful and only after a position has already been assured;

3. Early retirement may coincide with new financial obligations which surpass the capability of even early retirement benefits;

4. Unless appropriate financial arrangements have been made long in advance, given present average life expectancies, the financial implications of early retirement tend to be such as to discourage any widespread implementations on the part of employees; and

5. There has been enough publicity about the possible ill effects of retirement on a person's psychological and mental health that many employees look forward to retirement -- and to early retirement -- with some concern. They will postpone the uncomfortable decision as long as possible. To many persons, retirement and early retirement conjures up ideas of uselessness and dying; thus they may not wish to take what looks like the irreversible step between productivity and death any sooner than necessary.

To help overcome these "negatives" of early retirement, two professional associations, the Association of University Professors (AAUP) and Association of American Colleges (AAC), have issued a Statement of Principles on Academic Retirement and

Insurance Plans. The 1980 Statement represents the evolution since 1950 of the position endorsed by the AAUP and AAC. The Statement puts forth the AAUP and AAC position on academic retirement and insurance plans in its opening phrase (AAUP & AAC, 1980, 321):

> The purpose of an institution's retirement plan for faculty members and administrators and its plan for their insurance benefits should be to help educators and their families withstand the financial effects of illness, old age, and death and to increase the educational effectiveness of the college and university.

This position, of course, seeks to protect faculty from having to worry about retirement income. The AAUP is cognizant of the time when faculty did not enjoy such benefits as retirement pensions and takes the position that not worrying about retirement income leaves a faculty member free to devote full attention to his academic pursuits. (For a full account of the historical origins of faculty pensions, see Graebner, 1979).

The AAUP/AAC Statement lays down some clear and advisable guidelines for retirement and insurance plans (321). A retirement plan should allow for normal, early, and phased retirement plans for faculty members and administrators. It is suggested that the plan:

1. Be clearly defined.

2. Take into account and be coordinated with old-age, survivor, disability, and medical benefits of Social Security and/or other applicable public programs.

3. Permit mobility among institutions without loss of accrued retirement benefits and with little or no gap in annuity and insurance plan participation.

4. Make available, as a matter of course, information on all benefits, including an estimation of retirement income and, when feasible, provide a program of pre-retirement counseling.

5. Be reviewed periodically by a committee representing the faculty and administration of the institution with appropriate recommendations to the institution's governing board, to ensure that the plans continue to meet and reflect the needs, resources, and objectives of the institutions and the participants.

All of the above suggestions would aptly apply to an early retirement program with two possible changes. One, that fluency of plans between institutions is not particularly appropriate in early retirement schemes; and, two, that the committee reviewing the early retirement plan be representative of all who are covered by the plan, including non-academic staff.

The proposed policy recommendations for early and phased retirement plans by AAUP/AAC are of specific relevance to this report. The suggested policies read as follows (322):

For early retirement plans:

> The plan should enable individuals to retire earlier than the stated normal retirement age and to begin their retirement income at an earlier age. Though plan benefits are generally reduced by early retirement, such reductions may be offset through supplemental benefit arrangements provided by the individual and/or the institution.

For phased retirement:

> The plan should enable individuals, between the ages of sixty and any mandatory retirement age, to arrange, on their own initiative, reductions in salary and services acceptable both to them and their institutions.

It is critical that any plan constructed for providing retirement incomes to employees be in accordance with the Employee Retirement Income Security Act of 1974 (ERISA), the Age Discrimination Act of 1964 as amended, Title VII of the 1964 Civil Rights Act, the Equal Pay Act of 1963, and the Internal Revenue Code.

Prior to the formulation of an early retirement plan, an institution should determine its staffing needs, the current faculty age configuration, the cost of turnover in the faculty, and the short and long-range effects on the faculty of a proposed early retirement plan (Simpson, 1983). Hopkins (1972), who constructed a very successful early retirement plan for the heavily tenured Stanford University, which offered a higher percentage annuity enhancement for lower paid (and presumably less productive) faculty, suggests that student demand should be used as a basis for determining where to hire new replacement faculty and that three, part-time students should be counted as one FTE in this regard.

Early retirement plans are usually intended to be short term to promote institutional effectiveness through immediate or near-future faculty/staff turnover. An exception to this effectiveness rationale is the case, becoming more frequent, in which early retirement provisions are part of negotiated agreements. Periodically, as a matter of sound fiscal policy, the early retirement plan will need to be re-assessed for effectiveness. In addition, changes in the economy may cause the effectiveness of the plan as a means of stimulating turnover to diminish, for example, when high inflation is present.

In formulating an early retirement plan, faculty attrition patterns and age structure within the institution should be known. Jenny (1974) found that few universities surveyed had information of either type built into their plan formulation. As Simpson (1983, 107) notes, "To undertake a modeling exercise (faculty flow) or to make a decision on any early retirement plan without this information is futile." (Note: Simpson presents an excellent discussion of the various faculty flow models used in determining what type of early retirement plan might be most appropriate considering relevant faculty demographic information. Due to the complexity and length of discussion needed to present even a simplified analysis of these models, the topic will not be covered here (see Simpson, 1983; Patton, 1979). Simpson further suggests that the very process of collecting the information needed to do a faculty flow model can be as valuable to the institution as the flow model itself because the ability of the institution to gather and process such types of information can be assessed.

Early Retirement Incentive Options

Early retirement programs come with or without incentive options. The programs without incentives offer actuarially reduced benefits for those who retire before mandatory age; hence the non-incentive program, in a way, penalizes the retiree. On the other hand, without an early retirement program, the employee might simply get no benefits as his early retirement would be seen as a resignation.

There are five main types of early retirement options that offer incentives (Patton, 1983, 3a): (1) benefit payments larger than actuarial tables would justify; (2) lump-sum severance payments; 3) annuity enhancements, (4) phased retirement, post-retirement employment, or reduced employment; and (5) the continuation of perquisites.

1. Liberalizing the actuarial reduction is a common incentive in which the institution does not fully penalize the employee for the smaller amount contributed to the pension and the greater length of benefits paid. This benefit generally is insufficient to encourage early retirement.

2. Lump sum severance payments generally are in an amount equal to one or two years of salary and can be paid at one time or spread out over a couple of years. Such payments have been commonly used in business to encourage resignations or early retirements.

3. Annuity enhancement involves either supplementing the first annuity with a second annuity until the retiree is eligible for full retirement benefits or by paying an interim payment that allows the delay of the regular annuity. Both steps are intended to increase retirement income levels to compensate the retiree for the amount lost by early retirement.

4. Phased retirement, post-retirement employment, or reduced employment, permits the employee to retire and collect annuity payments while supplementing his income through part-time employment. Also, the college may enhance the individual's annuity or provide a second annuity over the period of reduced employment.

5. Perquisites by themselves do not offer much incentive, but can be an important component of the package, and can include such benefits as office space, secretarial support, activity tickets, parking space, tuition for the employee, and tuition for the family.

This report will not, for certain reasons, launch into a detailed and complete discussion of the various early retirement options available. The reader is referred to the summary chart presented herein and to the complete discussion available from Patton (1979).

SUMMARY OF FINANCIAL OPTIONS

	Criteria						
Option	Potential Funds Freed	Employee Replacement Rate	Retirement Income Level	Administrative Feasibility	Legal Feasibility	Political Feasibility	Market Feasibility
Full-Salary Annuity	Low	Low	High	High	Low	Low	NA
Severance Payment	Medium to High	High	Low to Medium	High	High	Medium	Medium
Individual-Based Annuity	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Group-Based Annuity	Medium	Medium	Medium	Medium	Medium	Low to Medium	Medium
Partial Employment-Individual Annuity	Low to Medium	Low to Medium	High	Medium	Medium	Medium to High	Low
Partial Employment-Group-Based Annuity	Medium	Low to Medium	High	Medium	Medium	Medium to High	Low

Continued

SUMMARY OF FINANCIAL OPTIONS

	Criteria						
Option	Potential Funds Freed	Employee Replacement Rate	Retirement Income Level	Administrative Feasibility	Legal Feasibility	Political Feasibility	Market Feasibility
Continued Payment to Employee's Annuity	High	Low	No Interim Annuity	High	Medium	Medium	Low
Severence Payment Plus Continued Payment to Annuity	Medium to High	High	Medium (Little Change)	High	Medium	High	Medium
Leberalized Benefits Schedule	Low	Low	Medium (Little Change)	Low	High	High	Medium
Continuation of Perquisites	High per Acceptance - - - - - - - low Probability of Acceptance	Low	Medium (Little Change)	High	High	High	Medium

Source: Patton, Academia in Transition, 1979, 188-189.

It might be philosophically justifiable to construct early retirement plans with a view toward the retirement income of the faculty member for two practical reasons: to provide the faculty member with a dignified retirement lifestyle and to make the plan attractive to encourage early retirements.

Patton (1977) conducted a study of faculty to determine what factors encouraged early retirement. He discovered that sixty-eight percent of current academic employees would retire earlier than planned if the conditions were "right." One particularly interesting study (COFHE, 1980) found that over one-third of faculty sixty-one and over would take early retirement if retirement payments were provided equal to sixty percent of their gross salary. In regard to faculty interest in phased retirement, the study noted that only two percent of the faculty would retire under such a plan. (The phased retirement option offered for faculty consideration in the COFHE survey would allow the member to work half-time for seventy percent of full-time salary while the institution continued to fully contribute into the member's retirement fund.

Aside from the conditions mentioned above by Jenny, Patton (1977, 1979) has noted that the size of the annuity is of primary importance to the employee. Patton also found that irrespective of other personal reasons, that the prospect of not being promoted is a significant decision factor in choosing early retirement for those who are not full professors. This result was previously validated by Hopkins (1972) at Stanford.

The AAUP has suggested that a faculty member's retirement income from pension and Social Security benefits should be in the range of sixty-eighty percent of the pre-retirement income. Allowing for the fact that the retiree no longer pays taxes on his income, they may have a discretionary income in retirement approximately equal to their earnings before retirement. Considering the fact that many faculty have paid off their major lifetime purchases like homes, children's college educations, and so forth, the retiree can be comfortable with his/her retirement income, provided outside economic factors like inflation remain constant or relatively low.

Inflation, although currently at three-four percent, can be a major problem to retirees. Inflation can become a particularly vexing problem as retirement ages move downward and longevity increases. Note the retirement ages in Table 3.

TABLE 3

FORMER OCCUPATION	PERCENT RETIRING BEFORE AGE 65	AT 65	AFTER AGE 65	AVERAGE AGE
College Faculty	27%	43%	40%	65
College Administration	40%	34%	26%	64
Other Professional/Technical	43%	30%	27%	64
Support Staff	51%	34%	15%	63.5
All Retirees	39%	33%	28%	64

Source: "Voices of Experience" by Mario Milletti, TIAA/CREF, 1984, p.21

The potential problem with inflation is highlighted in Table 3 which uses a ten percent annual inflation index:

TABLE 4

Year	Age of Professor	Purchasing Power Relative to 1980	Income in 1980 Dollars	Percentage of Retirees Surviving
1980	65	100%	$12,300	100%
1985	70	62	7,600	91
1990	75	39	4,700	79
1995	80	24	2,900	63
2000	85	15	1,800	43
2005	90	9	1,100	24
2010	95	6	700	8

Source: "Faculty Retirement" by COFHE, 1981, p. 53.

It is difficult to find comfort in looking at the above Table. It is even more discomforting to realize how many faculty members and their spouses are depending upon the common TIAA/CREF annuity in their retirement years. The following Table 5 is based on mortality estimates underlying current TIAA/CREF retirement conversions.

TABLE 5

Age	Percent Males Surviving	Percent Females Surviving	Percent Where Either or Both Survive
65	100%	100%	100%
70	91	95	99
75	79	89	98
80	63	78	92
85	43	61	78
90	24	39	53
95	8	17	24

Source: "Faculty Retirement" by COFHE, 1981, p. 54.

With these rather startling figures in mind, it is no wonder that many faculty members are reluctant to retire before mandatory retirement age. Therefore, it is up to institutions to develop plans that will encourage faculty to take early retirement while allaying faculty fears of inadequate retirement income.

One type of benefit that is becoming a popular alternative for accomplishing this purpose is the "bridge benefit." In this plan, the employer creates a financial bridge between the benefits the employees will receive at the chosen retirement age and the benefits they will be eligible for at a later date, possibly at the normal retirement age.

The following example illustrates this point. For instance, if a professor earning $35,000 per year retires at age sixty-four and has earned salaries the past five years of $28,000, $30,000, $31,000, $33,000, and $35,000, an average could be worked out of $31,400. The institution could, under the "Bridge Plan" would provide the professor with $16,530 per year until he/she was eligible for the remainder of his benefits.

Other plans that make early retirement more attractive financially are the "Bonus," "Guaranteed Part-Time Work," and "30 and Out" Plans (Spreadbury, 1984).

The Bonus Plan is a contract purchase or buy-out plan that allows the retiree to gain a year or more of salary without having to work for it, allowing the member to retire or work elsewhere. The Plan was very effective at Michigan State (Kreinin, 1982) allowing the University to buy-out 100 tenured professors rather than dismissing them. The savings to the university are long-term in this case rather than short-term except in fringe benefits not paid. Also saved, no doubt, were costly litigation fees.

"Guaranteed Part-Time Employment" is popular because it allows faculty the opportunity to have more independent use of their time and still provide them with a good income through early retirement payments and some income. The benefit to the university is having the experience of the senior faculty member on campus while being able to hire a young faculty member with the salary saved. However, it is probable that an additional expenditure would be necessary as the salary saved would not be sufficient in most cases to cover all costs involved.

The "30 and Out Plan" comes from industry and is a built-in early retirement plan. The Plan would offer early retirement benefits to anyone working a full thirty years for the college regardless of age. An additional, albeit expensive, incentive would be the offering of "Bridge" benefits after the thirty years had expired. Further amplification of advantages and disadvantages of these four plans is provided in Table 6 below.

TABLE 6

TYPES OF INNOVATIVE RETIREMENT PLANS

	Bridge Benefits	Bonus System	Part-Time Work	30 and Out
Will university avoid dismissal procedures?	Yes	Yes	Yes	Yes
Is faculty member gone permanently?	Yes	Yes	No	Yes
Cost to university for 9 months if salary is $40,000?	$21,083	$40,000	13,000 to $19,999	$0
How much fringe benefits paid?	Some	None	Some	None
Number of years university continues to pay?	1-3 years	0 years	1-10 years	0 years
Portion of faculty member's salary which can be used to hire replacement in first year?	40%	100% after bonus deduction	50% to 60%	100%

Source: Adapted from "Innovative Plans to Encourage Senior Faculty to Take Early Retirement by Connie Spreadbury, NAWDAC, Spring, 1984.

Institutions must be aware of why their employees choose early retirement if their plans are going to have the desired results. As the literature demonstrates, the decision to retire early is made on the basis of anticipation of adequate retirement income, health, job stress, career plateau, and alternative careers (Spreadbury, 1984).

Summary

This chapter was intended to briefly review some of the major points mentioned that are important to an understanding of early retirement plans. Mitchell summarizes below the important considerations in formulating an early retirement plan in his "Blueprint for Early Retirement" (1981, 10):

1. Survey faculty.
2. Determine probabilities for retirement.
3. Project retirements for the future and impact of faculty flow by computer simulation.
4. Develop cost analyses of alternative early retirement plans.
5. Consider implications in terms of feasibility related to administrative, legal, political, and market factors.
6. Select appropriate early retirement plans and implement.
7. Evaluate.

Potential Benefits of Early Retirement:

1. Early retirement improves the faculty turnover rate, thus alleviating the problem of "tenuring in".
2. In event of reduction in staff, early retirement is a less painful way of reducing staff than involuntary separation.
3. Early retirement allows the institution to adapt faster to changes in demand for specific disciplines and makes possible flexible long-range staff planning.
4. Early retirement improves faculty morale by providing an option as to when to retire and by freeing tenure positions for junior faculty expecting academic promotions.
5. Generally, early retirement programs assist in reducing an over-supply of teaching personnel in the labor market.
6. Phased, early retirement, or post-retirement part-time employment, based on a period of teaching part-time, provides a supply of adjunct professorships, which is an inexpensive method to enrich the curriculum.

7. Early retirement will be attractive to a professor who is tired, bored, out of sympathy with changed conditions in academic life, or wants to take up a new career or pursue a hobby. (King, J., 1977, 3).

CHAPTER SIX

Early Retirement in Illinois Community Colleges

PART ONE

This description of the current retirement programs in Illinois community colleges was initiated by the Office of the President at Illinois State University to assist State community colleges in planning effective retirement programs for community college faculty, staff, and administrators. This study was needed because no comprehensive research yet had been done on retirement plans in Illinois community colleges, although there is evidence that such plans are developing rapidly.

As a part of a very comprehensive research project on the status of collective bargaining in Illinois community colleges, 1983-1984 (Lovell, et al., 1984), the authors found that the number of community colleges in the state offering tax-sheltered annuities to faculty increased from six in 1982 to fourteen in 1984. In addition, the number of colleges with early retirement programs increased dramatically from three in 1982 to thirteen in 1984. It is quite evident that there was a trend toward offering early retirement in Illinois community colleges. In the 1985-86 year, the current study discovered twenty-two colleges with early retirement plans. The research only studied college plans which were formalized. There is evidence to suggest that several additional colleges have "unwritten" retirement plans intended to offer incentives to employees whose services, for one reason or another, are no longer required.

To carry out this research, the President's Office requested copies of the retirement plans from all community colleges in the State. As a result of this request, it was determined that twenty-two community colleges had retirement plans, in addition to SURS, in effect at the time of this study. After reading these retirement plans, it became apparent that more comprehensive information would be needed to meet the goals of this research. A questionnaire was then designed and mailed to the administrators in the twenty-two colleges. The response rate was 100%. To ensure the accuracy of the information, a sheet listing specific information for each college was then sent to the college for review. Upon the return of the sheets, the information was analyzed. This information will be presented in this chapter with a discussion of the implications and recommendations for community colleges.

(See Appendix A for specific information on the early retirement plans of each college in this study.)

All twenty-two of the Illinois community colleges which offered early retirement incentives other than SURS, included faculty in their plans. Administrators were included in a somewhat smaller (eighty-six percent) number of programs. To a lesser extent (fifty-nine percent), college plans covered such classified employees as physical plant workers and others. Support staff were covered in approximately one-half of the programs.

Initial reports indicated the wide use of application forms as compared to the use of "letters" for reporting one's intent to participate in the program. However, follow-up data revealed that fewer than half (forty-five percent) of the colleges preferred the use of an application form, while over half (fifty-five percent) used a letter. Applications for early retirement most often went directly to the Chancellor/President (fifty-five percent), a Vice President (twenty-three percent), the Director of Personnel (fourteen percent), a Dean (nine percent).

Retirement benefits are usually keyed to the amount of service to the organization or to the system. The State Universities Retirement System (SURS) requires a minimum of eight years for eligibility to participate at age sixty, or the SURS early retirement without discount program at age fifty-five. In this study, participation in the individual college early retirement programs required a minimum of ten years of service in half of the colleges, fifteen years in one-fourth (twenty-seven percent) of the colleges, and eight years in one-fourth (twenty-three) of the colleges. All colleges, except one, reported that the eligible participant must have been full time, both in years of minimum service and at the time of application (Lewis & Clark is the only college that allows part-time staff to participate.)

The SURS requirement for participation in its plan is that no fewer than fifteen percent of eligible employees be allowed to participate in its program in any one year. Most of the colleges (seventy-three percent) had no reported participation limits, while about one-fourth (twenty-three percent) required a limit of fifteen percent of those eligible. One college generally allowed a limit of one employee per program or discipline. In cases where the number of those eligible for the early retirement program exceeded the limit, the employee with the greater years of service to the institution and the earlier application date received first consideration.

Attractive early retirement plan options often carry the most influence with potential early retirees. This research examined four such options. First, were the options of converting accrued sick leave and vacation to a cash payout at the time of retirement. Such a conversion would have the tendency to raise the retiree's benefits over normal retirement. Somewhat surprisingly, only four colleges (eighteen percent) allowed the retiree to convert sick leave to cash. A more traditional option borrowed from the industrial model, vacation conversion, was found in the vast majority (seventy-eight percent) of the colleges. Two other colleges allowed only administrators to convert vacation to cash at early retirement. One of the other two options studied was post-retirement, part-time work, which the literature reports is popular with many early retirees for its bridging effect between regular employment and complete retirement. It is also seen as a hedge against inflation. Just over half (59%) of the colleges offered this option.

Work reduction at full salary was the fourth option examined. This option is sometimes referred to as "phased retirement" as it allows the uncertain potential retiree an opportunity to gradually detach themself from the work role. Phased retirement does not necessarily require full remuneration for part-time work. However, the survey question did ask if the colleges offered post-retirement, part-time employment at full salary. None of the colleges reported making this option available.

A final payout schedule for benefits can be important to early retirees for it allows them to plan accordingly how they might wish to utilize their benefit. Perhaps more importantly, the final payout schedule can have a tremendous impact on the amount of earnings lost through taxes. Also, if the retiree is interested in investing his/her capital, a lump sum payment might be preferred. Seven colleges (forty-one percent) allowed some flexibility in the manner in which these benefits could be received. John A. Logan was the only college with virtually total flexibility in this regard. Over half of the colleges (fifty-nine percent) offered monthly payments, fifty percent lump sum payments, eighteen percent in the "other" category, fourteen percent quarterly payments and nine percent annual payments.

Insurance benefits serve to encourage retirement by easing the anxieties of older employees about being able to carry adequate coverage to insure proper protection. Just over one-third (thirty-six percent) of all colleges reporting, offered college-paid medical coverage to its retirees at no cost, while only a few (fourteen percent) offered to share the cost equally with the retiree. The most popular model (forty-five percent) was for employees to pay the full costs of their participation in the college medical insurance plan. Additional medical coverage, such as insurance for dependents as well as college-paid medicare, was offered in twenty-seven percent of the colleges, with employees paying the full cost of participation in two-thirds of the additional medical coverage benefit plans.

Vision insurance was a surprise finding, but not a very widespread option. Two of the colleges paid the full cost of this insurance for its retirees, and an additional college allowed the employee to pay the cost of participating in the college plan.

Dental insurance was offered retirees in half of the colleges, with over half (sixty-four percent) of those colleges paying the retiree's cost. Life insurance was offered less often, and just under one quarter (eighteen percent) of the colleges offered it, but those that did, paid the retiree's participation cost. The City College of Chicago offered to pay the first $100 of the employee's automotive or homeowners/renters insurance, or both.

While having the opportunity to continue participation in the group insurance plans at the college is considered to be a very significant benefit by retirees, there are other benefits that may help ease the retirement transition for college educators. The literature reports that long-time academic employees experience serious anxiety when faced with the prospect of losing the supports necessary to do their work in retirement. Even being able to spend time on campus is important to many retired faculty members. Considering the cameraderie and intellectual and social needs that faculty members meet in their day-to-day contacts with their colleagues, it is readily understandable that faculty members might be hesitant to retire. Since colleges are usually able to offer retirees discounted tuition, activity tickets, and so forth at a relatively low cost to the college, it is somewhat difficult to understand why more colleges do not offer this type of "additional" benefit more often.

The most frequently offered "additional" benefit was free or discounted tuition for the employee to attend classes at the institution. Free or discounted tuition for the family was the next most frequent benefit with one-third (thirty-six percent) of the colleges participating. The other additional benefits had the following frequencies: parking (twenty-three percent), free or discounted activity tickets (nine percent), office space (four percent), and secretarial support (zero percent). Over half of the colleges (fifty-four percent) reported offering no "additional" benefits. Because of the State law mentioned above, many colleges probably do not consider free tuition as a benefit to their retired staff.

Most early retirement programs in the Illinois community colleges are relatively new. Only the program at Lewis & Clark has been in existence for more than eleven years. Two of the programs have been in effect for seven or more years, eight for four to six years, and eleven for fewer than three years. Although many of these colleges have had retirement plans for a few years, only three of the colleges have a pre-retirement seminar.

Pre-retirement programs/seminars, as the research presented in this report has shown, play a very important role in the retirement process as they offer the opportunity for psychological adjustment and various kinds of practical planning. Chapter Four was intended to assist colleges in preparing pre-retirement seminars for their members. It is hoped that the information presented in support of these seminars will persuade more colleges to implement pre-retirement seminars, if colleges are concerned about the successful retirement of their employees.

PART TWO

The respondents were also asked how satisfied they were with their current college retirement plan. The responses were overwhelmingly positive, with one-half stating that they were "very satisfied," one-third were "satisfied," one college was "dissatisfied," and two colleges answered "didn't know." Apparently, the goals of the institutions are being met by their college plans, thus, the large (eighty-three percent) satisfaction rate among the respondents.

The respondents reported that their retirement plans had met with varying degrees of success. Two institutions reported savings in salary dollars of about $250,000. Since this study did not collect data on ages of faculty who actually retired, it is difficult to suggest how effective the various programs were in encouraging senior faculty to retire. This study also did not examine the faculty age characteristics at each college, so a discussion of which plans are more effective in promoting early retirement cannot be made from the collected data.

There was a pronounced lack of comment by the respondents to the question, "What changes would you like to make in your current plan?" Over two-thirds of the respondents either left this question unanswered or reported wishing to make no changes. Those that did respond to this question seemed to feel that more insurance benefits would improve the quality of the plan. Also, some who did not provide incentives for early retirement until the age of sixty felt there should be some inducement offered to retire before that age.

This study also attempted to determine how administrators perceived the effectiveness of their early retirement programs. It is sometimes questionable to put open-ended questions at the end of a survey because they require considerable thought. However, the open-ended format was chosen to minimize biasing the respondent's answers. The response to these questions was not as complete as anticipated. Many questions were left blank or had a very brief response. The responses are discussed below.

The question "Why was the plan initiated?" was answered by most (eighty percent) of the respondents. The complete responses, found in Appendix C, are summarized in the following statements:

1. To coordinate benefits with the State (SURS) plan.

2. To satisfy staff interests and needs.

3. To offer "financial savings" to the college by retiring more highly-paid senior faculty members and replacing them with lower-paid new members.

4. To stimulate faculty turnover in a desirable way.
5. To facilitate faculty negotiations.
6. To ease the member's transition into retirement.

PART THREE

In reviewing the data from this study, one of the most interesting findings was that twenty-two of the thirty-nine community college districts in the State currently have early retirement programs. The reasons why colleges have early retirement programs were detailed in the preceding section and have been discussed at length in this report. It may, at this point, be more helpful to address a series of questions about early retirement programs. The questions to be addressed are: Do all colleges need early retirement programs? What considerations should be paramount in the decision to implement a program? What should be the length of the program? What percent of the faculty should be allowed to begin the program in a given year?

The decision to implement a college early retirement program is probably a composite of many factors. Faculty negotiations have been cited as one reason for beginning an early retirement program. If the faculty choose to negotiate a retirement program as a benefit, the college will have little choice but to implement a program. On the other hand, the institution may take the initiative to implement a program in light of its current staffing needs. It seems likely that early retirement is a less painful manner of retrenching faculty when programmatic or financially exigent conditions appear to require relatively immediate staffing changes. Michigan State is a good example of an early retirement program which accomplished the goal of large-scale staff reduction in a relatively short time. Stanford University has also had considerable success with its early retirement program designed primarily in response to an aging and highly-tenured faculty. The success at Stanford was not measured so much in financial savings as in the faculty openings created by the departure of older tenured associate and assistant professors. The success at Michigan State was measured in financial savings as the institution was attempting to survive with academic integrity in the face of severe cuts in appropriations. Michigan State gained heavily in savings by not replacing many of the departing faculty members and by shifting faculty from one college to another. Early retirement programs can be effective in accomplishing institutional staffing goals.

It seems that before making a decision on an early retirement program, the college administrators must ask themselves what would be the advantages of having such a program; what do they anticipate will be the outcomes. Stanford University was more or less able to "select" the candidates for early retirement among its faculty by structuring its benefit package in such a way that lower paid faculty aged in their late fifties and sixties would receive a higher percent of their salary in retirement than would their more highly paid faculty members. Stanford assumed that the lower paid older faculty members were faculty in the lower academic ranks and were probably less productive and therefore less valuable to the college. Since most of Stanford's colleges had high tenure rates, the early retirement incentive was necessary to phase out the less productive faculty members to make way for the hiring of new faculty. The point not to be lost here is that by knowing faculty characteristics and by predicting with some accuracy the numbers of those who would access the early retirement incentives, colleges can build into their plans a "selection" component aimed toward particular faculty members.

Making intelligent decisions on desired or anticipated outcomes of early retirement programs requires data on faculty and staff characteristics. Without such knowledge, the college will not have a clear idea of the numbers of faculty and staff in each age range, how many faculty and staff would be expected to retire in any year, how tenure rates (if applicable) would be affected by retirement which has implications for new tenure-track hiring. These characteristics have to be considered before embarking on the implementation of an early retirement program. Even putting aside anticipated financial savings, estimating the impact of an early retirement on staff levels is critical. Therefore, it is quite apparent that the decision to implement or retain an early retirement program should be made in relation to the long-range or strategic planning needs of the college.

Do all colleges need early retirement programs? Not necessarily. If the college has a young faculty, an early retirement program might result in little faculty turnover. If the college is genuinely concerned about the vitality of its faculty and staff, especially in the realm of teaching, it would be difficult not to envision the advantages of an early retirement program in allowing for the dignified exit of tired and intellectually-bored faculty. Doing any job for a substantial length of time is apt to create feelings of routinization in nearly everyone. Times change, and so do people, and the most logical alternative may be retirement for the distinguished, as well as the mediocre, faculty member.

What considerations should be paramount in the decision to implement a college early retirement program? The basic considerations revolve around the issues of faculty vitality, academic integrity, and financial savings.

The issue of faculty vitality was addressed earlier and for that reason will not be discussed further here. The issue of academic integrity refers to the ability of the institution to offer the comprehensive academic program it purports to offer. An early retirement program that offers very attractive incentives might result in the loss of valued and needed faculty members, causing serious damage to an academic program. Although research shows that the prestige of a program will continue long after the faculty members who earned the reputation have departed, it is certainly in the most prudent interests of the college to insure that the program remains sound. Thus, an overly attractive early retirement program may be potentially more hazardous to the integrity of the college than no program at all.

Another factor that impacts the effectiveness of a retirement program is its length. What should be the length of the college retirement program? Should the college restrict the numbers entering the program in any year? To answer the second question first, yes, colleges should restrict the numbers of persons entering using the college plan in any certain year. This restriction is necessary to insure the academic integrity of the curriculum, and especially of individual programs. Such a restriction also helps to insure a smooth transition of the "changing of the guard." Since some early retirement programs can be rather expensive, restrictions also assist the college in planning to meet the financial costs of providing early retirement incentives.

The length of the college retirement plan is dependent upon the staffing needs of the college. It is probably a fair statement to say that the majority of early retirement programs were initiated due to the presence of (1) high tenure rates, (2) an aging professoriate, (3) the shifting popularity of the curriculum. A college where any or all of these situations prevail might be wise to tempt faculty into early retirement. The length of the program would be dependent upon its success rate in accomplishing intended goals. The lower the success rate of the program and the larger the size of the faculty, could well determine the length of the program. Thus, program length will be a function of goal accomplishment and faculty size.

PART FOUR

The financial benefits offered in the twenty-two community college retirement plans varied considerably, with incentives ranging from paying a portion of the employee's contribution to SURS as an addition to the employee's participation in the SURS "early retirement without discount" program, to paying twenty-three percent of the final base salary to the retiree over a period of five years or to the page of seventy.

The quality of the benefit package offered can mean a lot to faculty members in increasing their retirement income. Plans which pay a "bridge" benefit until the faculty member is eligible to receive his/her full retirement benefits are valuable because they allow the faculty member to "get by" financially without drawing upon the retirement annuity, thus increasing the average retirement payment. Colleges can either pay the faculty member over a period of years to "bridge" the financial gap between employment and full retirement, such as paying a percentage of the member's final base salary as in the college referred to above. Since many colleges pay all or part of the payout in the first year of retirement, the annuity would be increased since the retiree is allowed to use the four highest consecutive years in determining the size of his/her retirement annuity. Because these four highest salary years will generally be the last four years of regular employment, any additional income possibilities in the final four years prior to retirement will be a help to the individual and, therefore, an incentive for early retirement.

There is also the consideration that the retiree will have greater use of retirement income because of the need to pay fewer taxes than on regular earnings. In Illinois, retirement annuities resulting from contributions paid to the SURS before January 1, 1981, have already been taxed and will not be taxed again if all of the amount of the member's contributions is received in the form of annuity payments within a thirty-six-month period following retirement. However, after the retiree has received annuity payments equalizing the total of the retiree's contributions, all additional annuity payments will be taxed. If the retiree has paid a contribution to the system such that he/she will not receive annuity payments in the thirty-six-month period equal to their contribution, then the retiree is taxed on all of his annuity payment minus, for example, a $3,000 yearly exemption. For example, if Joan had paid $35,000 into the SURS, and her annuity payments were $2,000 per month, it would take 17.5 months for Joan to receive an amount in payments equal to her contribution. After 17.5 months, Joan's annuity payments would be taxed. In the second case, Joan would be taxed immediately yearly on the total amount of her annuity income minus a small exemption. Thus, while the retiree will experience some tax relief, that tax relief will not be as great as anticipated. In addition, if the federal tax reform proposal is adopted, the situation for retirees will worsen as all annuity payments, even those previously taxed, will be subject, minus a small exemption, to being taxed again. However, for those that live long enough to receive annuity income for more than seventeen years, they will not have to pay any further taxes on that income.

In a favorable light for tax relief, if retirees receive a yearly annuity payment equaling twenty-three percent of final base salary and pay few taxes, their income may approximate half of their pre-retirement income. Given the fact that most retirees pay less of their income for major expenses like home mortgage payments, college educations, clothes, and so on, the years prior to receipt of full retirement benefits should not be a serious financial hardship for most. With the very real possibility of part-time, post-retirement employment at the retiree's institution, the years preceding full retirement can be relatively financially rewarding for the individual.

Recommendations

1. That community colleges should offer early retirement programs when the college has a sizable senior staff. One advantage of the program would be to provide the staff member with a dignified exit if that member wished to end his/her employment. The advantages that would accrue to the institution would be the revitalization of staff through the hiring of new faculty, flexibility to meet changing programmatic needs, and financial savings. These savings would result from either replacing retiring staff with lower paid staff, or by simply not replacing the retiring individual. A percent of the savings may be offset by paying out early retirement incentives. For example, if Mr. Jones would retire from teaching sociology at age fifty-five with an academic year salary of $32,000 and twenty-five years of service, he would be eligible for the early retirement plan of the college. In this model, the plan will pay Mr. Jones twenty percent of his salary over a five-year period beginning in January of the year following his retirement. The cost to the college would be $6,400 per year for Mr. Jones' retirement incentive for a total cost of $32,000. If the college hired a replacement for Mr. Jones at $18,000 per year, the cost to the college would now be $24,400 for the first year of his retirement, and $24,400 plus any increases in the replacement's salary for the next four years.

Assuming an increase in the replacement's salary of $1,000 per year, the total cost to the college of paying an incentive to Mr. Jones to retire early, plus the cost of a replacement for him, would be $126,000 over five years. Since Mr. Jones' salary probably would have increased by $2,000 each year, the total salary cost to the college to keep him teaching would have been $168,000 over a five-year period. The college would realize a total saving in salary dollars of $42,000. If for some reason the college had not chosen to replace Mr. Jones, the total savings in salary dollars over five years would be $136,000. When these figures are multiplied by the number of faculty members taking early retirement in any given year, the salary savings can be substantial.

2. That community colleges offer the opportunity for post-retirement, part-time employment. The employee could be an independent contractor in this arrangement. The primary advantage to the retiree would be the opportunity to supplement his/her income while enjoying the advantage of being in a lower tax bracket. The part-time employment would serve the retiree by softening not only the financial loss of regular income, but also the psychological disorientation sometimes accompanying an immediate withdrawal from work. The gain for the college would be the opportunity to retain at low cost an experienced member of the staff with many years of expertise in either a part-time teaching or consulting capacity.

3. That community colleges promote a positive attitude toward retirement by maintaining close ties with their retirees. This can be done by offering low-cost benefits that allow retirees to feel that they are a part of the institution. Such benefits might include tuition for retirees and their immediate families, parking space, activity tickets, athletic facilities use, copying services, library privileges, etc. The retiree who has spent a good share of his/her life at the college and who continues to live in the area would enjoy having the opportunity to spend time on campus sharing with friends and colleagues. Not only does this have positive psychological benefits for the retiree, but also allows non-retired friends and colleagues a forum for "keeping in touch" with the retiree.

4. That community colleges, whenever possible, offer to the retiree higher cost benefits such as insurance coverage, office space and secretarial assistance. Separation from the college group insurance plan can be very expensive for retirees. The health insurance factor has been identified as a major incentive in the decision to retire. Continued participation in the college group plan, particularly when the premiums are paid by the college, should make the retirement option very attractive. Additionally, doing educational activities in retirement functions for educators much the same way as hobbies do for non-academic employees, according to available research. The academic employee is more likely to take early retirement if his/her work can be continued in some fashion after retirement.

5. That retirees be allowed to choose from several options those benefits which best suit their needs; of course, college administrators need to be concerned that making certain options available does not threaten the financial health of the college.

6. That colleges offer pre-retirement seminars to all employees. These seminars should include expert information on financial planning, retirement attitudes, social/personal relationships, physical/mental health, retirement activities, and living arrangements. The University of Chicago model presented in Chapter Four, one of several fine models available, seems appropriately oriented and complete. These seminars should also include a component in which retired employees share experiences, thoughts, and respond to questions from prospective retirees in an informal atmosphere.

7. Since many college teachers and administrators have worked under the Teachers Retirement System (TRS) but retire after SURS employment, these individuals are at a disadvantage when compared to those employees retiring under TRS. TRS restricts only the number of paid hours (375) or paid days (75) when the employee becomes re-employed in a teacher-certificated position in a public, tax-supported school in Illinois. There are no age restrictions that apply to re-employment or restrictions on the amount of earnings in non-public school employment. Whereas, under SURS, annuitants below the age of 60

have a monthly total earnings restriction of $1 less than their monthly retirement annuity. In addition, retirees aged 60 or beyond re-employed under SURS may only earn an annual amount equal to the difference between the highest annual earnings before retirement and the original base annual retirement annuity. For example, if the annuitant's highest annual salary was $35,000 and his/her annual retirement annuity is $10,000, then the retiree would be eligible to earn $25,000 per year from employment within SURS. Thus, while SURS restricts the amount of earnings, TRS limits the amount of time allowed for re-employment in a teacher-certificated position in a public school. Hence, an individual who retired under SURS, but who also had service credits with TRS, would be restricted by both time and earnings limits if that retiree was re-employed in a teaching capacity.

A change in legislation, to allow the individual who has worked under both retirement systems to choose under which system he/she would prefer to retire, is defensible on the grounds that such choice is only fair and equitable. Community colleges should consider contacting their State legislators to encourage this change in the current law.

8. The final recommendation is that each college have an early retirement document, which specifies the terms and conditions under which any employee may retire. All parties eligible to use the plan should have some input into the development of the plan. Also recommended is that an evaluation process for the college retirement plan, including a review by representative current and retired employees, be implemented. It is apparent that a "win-win" plan is a distinctly possible outcome to the process of determining the specific details of an early retirement program.

> Institutions must realize that (while) increased-benefits early retirement can open the faculty ranks to new employees with the needed qualifications and skills, there are also financial costs involved. Prospective retirees must understand that, while early retirement may permit them to leave an undesirable situation or to pursue new interests, they must endure some financial loss. Nonetheless, for both institutions and individuals, early retirement can be beneficial (Patton, 1977, 353).

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APPENDIX A

INDIVIDUAL COLLEGE EARLY RETIREMENT PLANS

EARLY RETIREMENT SURVEY

Black Hawk College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY, SUPPORT STAFF, LIBRARIANS, COUNSELORS

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: CHANCELLOR

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 40 DAYS

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM ONLY

Insurance benefits:

    Medical: PAID BY COLLEGE FOR EMPLOYEE TO AGE 70

    Life: PAID BY COLLEGE FOR EMPLOYEE TO AGE 70

Additional benefits: PARKING, TUITION FOR EMPLOYEE AND FAMILY,
LIBRARY, COPY CENTER SERVICE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 1 YEAR

Black Hawk College

Payout based on: FINAL CONTRACTUAL SALARY OR ACADEMIC YEAR SALARY

Age	Total Compensation Percentage
55	55%
56	50
57	45
58	40
59	20
60-69	15

The retiree may also make application for the college plan and participate in the SURS "early retirement without discount".

EARLY RETIREMENT SURVEY

City Colleges of Chicago

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 10 Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? YES   Limit? PERCENTAGE BASIS

Vacation to cash at retirement? YES   Limit? NO

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM ONLY

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE TO AGE 70

Life: PAID BY COLLEGE FOR EMPLOYEE TO AGE 70

Dental: PAID BY COLLEGE FOR EMPLOYEE TO AGE 70

Vision: PAID BY COLLEGE FOR EMPLOYEE TO AGE 70

Automobile: FIRST $100 PAID FOR EMPLOYEE BY COLLEGE

Homeowners/Renters: FIRST $100 PAID FOR EMPLOYEE BY COLLEGE

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 4

City Colleges of Chicago

Payout based on: FINAL BASE SALARY RATE FOR ACCUMULATED SICK LEAVE

Age	Percent of Value of Accumulated Sick Leave
55	50%
56	50
57	50
58	50
59	60
60	80
61	80
62	80
63	80
64	80
65	45
66	45
67	45
68	45
69	45
70	45

An employee may also participate in the SURS "early retirement without discount."

EARLY RETIREMENT SURVEY

Danville Area Community College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO Limit?

Vacation to cash at retirement? YES Limit? 30 DAYS

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 6 YEARS

Danville Area Community College

Payout based on: ANNUAL SALARY RATE (PAID FOR FIVE YEARS OR TO AGE 64)

Age	Percentage
60	20%
61	20
62	20
63	20
64	20

EARLY RETIREMENT SURVEY

College of DuPage

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY, CLASSIFIED

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: SUPERVISOR OF HUMAN RESOURCES

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? NONE

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE TO AGE 65. SUPPLEMENT TO MEDICARE PAID BY COLLEGE AFTER AGE 65: PERCENTAGE BASED ON YEARS OF SERVICE 10-15 YEARS = 100%

Life: PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Dental: PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Vision: PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Additional benefits: LIBRARY AND ATHLETIC FACILITIES, TUITION FOR EMPLOYEE AND FAMILY, PARKING

Does college provide a pre-retirement seminar? YES

What is the length of the current plan? 6 YEARS

College of DuPage

Payout based on: FINAL ANNUAL SALARY

Age	Total Compensation at Retirement
55	75%
56	72
57	68
58	65
59	60
60	55
61	50
62	45
63	40
64	35

EARLY RETIREMENT SURVEY

Elgin Community College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: VICE PRESIDENT FOR BUSINESS & FINANCE

Years of institutional service required for eligibility: 8

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 30 DAYS

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE, SPOUSE, AND DEPENDENT CHILDREN TO AGE 65, MEDICARE SUPPLEMENT POLICY AFTER 65

Additional benefits: TUITION FOR SELF

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

Elgin Community College

Payout based on: FINAL CONTRACTUAL SALARY

Age	Total Compensation Percentage
60	25%
61	25
62	25
63	25
64	25

*The same program will be provided for faculty members between the ages of 55 and 59 who have 35 years of service. The retiree also may participate in the SURS "early retirement without discount".

EARLY RETIREMENT SURVEY

William Rainey Harper College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: VICE PRESIDENT

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES (ADMINISTRATORS ONLY)
Limit? NONE

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: QUARTERLY, MONTHLY

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE AND DEPENDENTS FOR 5 YEARS OR TO AGE 70

Dental: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS OR TO AGE 70

Life: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS OR TO AGE 70

Long-term disability: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS OR TO AGE 70

Additional benefits: TUITION FOR SELF AND FAMILY

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 5 YEARS

William Rainey Harper College

Payout based on: FINAL BASE SALARY (EXCLUSIVE OF OVERLOADS/STIPENDS)

The retiree shall receive payments of 23% of final base salary for each year up to 5 years while participating in the plan or until age 70.

Faculty members participating in SURS Early Retirement may also participate in the college plan at the compensation levels described below:

Age 55 - 3% of base salary for each of five years

Age 56 - 7% of base salary for each of five years

Age 57 - 11% of base salary for each of five years

Age 58 - 15% of base salary for each of five years

Age 59 - 19% of base salary for each of five years

EARLY RETIREMENT SURVEY

Illinois Central College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 8

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 56 DAYS

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM or DEFERRED

Insurance benefits:

Medical: ONE-HALF PAID BY COLLEGE FOR EMPLOYEE TO AGE: OPEN

Dental: ONE-HALF PAID BY COLLEGE FOR EMPLOYEE TO AGE: OPEN

Additional benefits: OFFICE, ACTIVITY TICKETS, PARKING, TUITION FOR SELF AND FAMILY

Does college provide a pre-retirement seminar? YES

What is the length of the current plan? 4 YEARS

Illinois Central College

Payout based on: CONTRACTUAL BASE SALARY FOR ONE YEAR

Age	Total Compensation Percentage
55	45%
56	40
57	35
58	30
59	25
60-69	20

An employee may make application for the college plan and also participate in the SURS "early retirement without discount".

EARLY RETIREMENT SURVEY

Illinois Valley Community College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: DEAN OF INSTRUCTION

Years of institutional service required for eligibility: 8

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? NONE

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM ONLY

Insurance benefits:

    Medical: ONE-HALF PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

Illinois Valley Community College

Payout based on: CONTRACTUAL SALARY

	Total Compensation
Age	Percentage
57-59	25%
60-64	15%

The retiree may also participate in the SURS "early retirement without discount".

EARLY RETIREMENT SURVEY

Joliet Junior College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: DIRECTOR OF PERSONNEL

Years of institutional service required for eligibility: 15

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? NONE, ADMINISTRATORS ONLY

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: 20% LUMP SUM, THEN ANNUAL ONLY

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS OR TO AGE 65, WHICHEVER FIRST OCCURS

Dental: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS OR TO AGE 65, WHICHEVER FIRST OCCURS

Insurance benefits with TRS or HMO (instead of self-insured plan):

Medical: PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Dental: PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Additional benefits: SURS

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

Joliet Junior College

Payout based on: FINAL ANNUAL SALARY (EXCLUSIVE OF ADDITIONAL COLLEGE INCOME)

Age	Total Compensation Percentage
55	56%
56	54
57	52
58	50
59	45
60	40
61	35
62	30
63	25
64	20
65	15
66	11
67	7-1/2
68	4-1/2
69	2

If the retiree elects to participate in SURS Early Retirement, the college will pay one-half of the faculty member's contribution to SURS, and the retiree will not be eligible to participate in the above plan. However, should the member electing to participate in SURS wish to waive the payment of one-half of the member's contribution, the member may participate in the above plan.

EARLY RETIREMENT SURVEY

College of Lake County

PROGRAM ELIGIBILITY

Employees covered by plan: FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: VICE PRESIDENT

Years of institutional service required for eligibility: 15

Limitation on number of employees beginning plan: 15% OF ELIGIBLE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? NO

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 65 AND FOR DEPENDENTS MEDICARE SUPPLEMENT PAID BY EMPLOYEE FOR EMPLOYEE FROM AGE 65 to 70

Additional benefits: NONE

Does college provide a pre-retirement seminar? YES

What is the length of the current plan? 1 YEAR

College of Lake County

Payout based on: ANNUAL BASE SALARY (EXCLUSIVE OF ADDITIONAL COLLEGE INCOME)

PLAN I

The retiree shall receive yearly payments of 23% of the base salary for what the member would have received (including step increases) while employed for each year the member participates in the plan. These payments shall terminate upon the fifth anniversary of the retirement date, death, or the age of 70.

PLAN II

A retiree electing to participate in the SURS Early Retirement Plan shall be eligible to receive from the college compensation at the rates below:

Age 55 - 3% for each of five years

Age 56 - 7% for each of five years

Age 57- 11% for each of five years

Age 58 - 15% for each of five years

Age 59 - 19% for each of five years

PLAN III

A retiree electing to participate in the SURS Early Retirement Plan who does not wish to render a service plan to the college as required in Plans 1 and 2 above will receive the same insurance benefits as provided to retirees with those plans, but will receive no other compensation.

EARLY RETIREMENT SURVEY

Lake Land College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 15

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 30 DAYS (ADM)
20 DAYS (STAFF)

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 65

Life: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 65

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

Lake Land College

Payout based on: LAST YEAR'S SALARY

Age	Total Compensation Percentage
55-60	100%
61	80
62	60
63	40
64	20

The retiree participating in this plan may also participate in the SURS "early retirement without discount" with employer contributions deducted from retiree's benefits. An employee aged 57 who retires electing to participate in both the SURS Early Retirement and the college plan would receive a one-time lump sum payment to SURS of 60% of the regular base salary. Plus, the college would pay the employee the remaining 40% of his final year's salary over a five-year period at 8% per year beginning the year of retirement.

EARLY RETIREMENT SURVEY

Lewis & Clark Community College

PROGRAM ELIGIBILITY

Employees covered by plan: FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: 15%

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement: NO

Vacation to cash at retirement? YES   Limit? NONE

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY OR QUARTERLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE AND DEPENDENTS TO AGE 70

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 15 YEARS

Lewis & Clark Community College

Payout based on: FINAL BASE SALARY (EXCLUSIVE OF OVERLOADS/STIPENDS)

The retiree shall receive 20% of final base salary yearly while participating in the program beginning at age 55-69 for a period not to exceed 5 years and the age of 70. If the retiree elects to participate in the SURS Early Retirement Plan, the retiree shall also be eligible for the following compensation level:

Age 55 - no compensation

Age 56 - 4% of the base salary for each of 5 years

Age 57 - 8% of the base salary for each of 5 years

Age 58 - 12% of the base salary for each of 5 years

Age 59 - 16% of the base salary for each of 5 years

EARLY RETIREMENT SURVEY

John A. Logan College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 15

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement: YES LIMIT? 50%/90 DAYS

Vacation to cash at retirement? YES Limit? 25 DAYS

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: ALL

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE TO AGE 69

Dental: PAID BY COLLEGE FOR EMPLOYEE TO AGE 69

Additional benefits: TUITION FOR SELF AND FAMILY

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 2 YEARS

John A. Logan College

Payout based on: SURS CONTRIBUTION

Age	Percentage
55-57	75% of employee contribution to SURS for early retirement
58-59	50% of employee contribution to SURS for early retirement

EARLY RETIREMENT SURVEY

Moraine Valley Community College

PROGRAM ELIGIBILITY

Employees covered by plan: FACULTY, SUPPORT STAFF

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: VICE PRESIDENT

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: 15%

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES Limit? NONE

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY, BI-WEEKLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE FOR 5 YEARS OR AGE 70. PAID BY EMPLOYEE FOR DEPENDENTS

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 9 YEARS

Moraine Valley Community College

FACULTY

Payout based on: FINAL FULL-TIME TEACHING BASE SALARY

Age	Percentage of base salary for each of five years
55	3%
56	7
57	11
58	15
59	19

Employees participating in the college plan are also eligible to participate in the SURS "early retirement without discount."

SUPPORT STAFF (ALL NON-TEACHING, NON-ADMINISTRATIVE STAFF)

Payout based on: BASE SALARY OF LAST YEAR OF WORK

Age	Percentage of base salary for each of five years
55	3%
56	7%
57	11
58	19
59	25

EARLY RETIREMENT SURVEY

Parkland College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 15

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 30 DAYS

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 70

Life: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 70

Dental: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 70

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 5 YEARS

Parkland College

Payout based on: CONTRACTUAL SALARY

The retiree shall receive 25% of contractual salary yearly while participating in the program beginning at age 55-69 for a period not to exceed five years and the age of 70.

EARLY RETIREMENT SURVEY

Prairie State College

PROGRAM ELIGIBILITY

Employees covered by plan: FACULTY

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submittred to: PRESIDENT

Years of institutional service required for eligibility: 15

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? NO

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID FOR EMPLOYEE AND FAMILY BY EMPLOYEE TO AGE 65

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 9 YEARS

Prairie State Community College

The retiree shall receive 20% of final base salary each year while participating in the program beginning at age 55-69 for a period not to exceed 5 years and the age of 65.

EARLY RETIREMENT SURVEY

Rend Lake College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY, PHYSICAL PLANT, CLASSIFIED

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: BOARD

Years of institutional service required for eligibility: 8

Limitation on number of employees beginning plan: 15% OF ELIGIBLE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES Limit? 10 DAYS SAVED + CURRENT

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE: OPEN

Life: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE: OPEN

Dental: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE: OPEN

Additional benefits: PARKING, TUITION FOR EMPLOYEE AND FAMILY

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

NOTE: The financial benefits of the college plan may vary depending upon individual circumstances.

EARLY RETIREMENT SURVEY

Carl Sandburg College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: APPROPRIATE DEAN

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: ONE PER PROGRAM/DISCIPLINE OR MORE, SUBJECT TO BOARD DISCRETION

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 150% ANNUAL AMOUNT

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM or DEFERRED

Insurance benefits:

Medical: ONE-HALF PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Dental: ONE-HALF PAID BY COLLEGE FOR EMPLOYEE TO AGE 65

Additional benefits: TUITION FOR EMPLOYEE AND SPOUSE, LIFETIME PASS TO COLLEGE FUNCTIONS

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

Carl Sandburg College

PLAN A

Payout based on: PERCENT OF EMPLOYEE'S CONTRIBUTION

This plan is a supplement to the SURS Early Retirement Program:

Age	College Contribution	Employee Contribution	Incentive Payment to Eligible Employee by College
55	100%	35%	50% of employee's contribution
56	80	28	50 " "
57	60	21	50 " "
58	40	14	75 " "
59	20	7	100 " "

PLAN B

Payout based on: FINAL BASE SALARY OR ACADEMIC YEAR CONTRACT

Age	Total Compensation Percentage
60	50%
61	45
62	40
63	35
64	30
65	25
66	20
67	15
68	10
69	5

EARLY RETIREMENT SURVEY

Sauk Valley College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: PRESIDENT

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: 15%

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? 24 DAYS

Is retire offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM ONLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE: OPEN

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 2 YEARS

Sauk Valley College

Payout based on: CONTRACTUAL SALARY

Age	Total Compensation Percentage
55	45%
56	40
57	35
58	30
59	25
60-69	20

Dual participation with SURS "early retirement without discount" is allowed.

EARLY RETIREMENT SURVEY

Thornton Community College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY, SUPPORT STAFF

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: BOARD

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? NO

Vacation to cash at retirement? YES   Limit? NONE

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY, QUARTERLY

Insurance benefits:

Medical: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 65

Dental: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 65

Vision: PAID BY EMPLOYEE FOR EMPLOYEE TO AGE 65

Additional benefits: TUITION FOR EMPLOYEE AND FAMILY.

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 4 YEARS

Thornton Community College

Payout based on: FINAL BASE SALARY (EXCLUSIVE OF OVERLOADS/STIPENDS)

The retiree shall receive payments of 22-1/2% each year of the base salary the retiree would have earned but for participation in the plan. This compensation will continue for up to five years of participation in the plan or until age 70.

*Faculty members participating in SURS Early Retirement may also participate in the college plan at the compensation levels below:

55 - no compensation

56 - 6% of base salary for each of five years

57 - 10% of base salary for each of five years

58 - 14% of base salary for each of five years

59 - 18% of base salary for each of five years

EARLY RETIREMENT SURVEY

Triton Community College

PROGRAM ELIGIBILITY

Employees covered by plan: ADMINISTRATORS, FACULTY, CLASSIFIED, MANAGEMENT

Required employment status for eligibility: FULL-TIME

Type of application: APPLICATION FORM

Application submitted to: VICE PRESIDENT

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement? YES   Limit? 12.5%

Vacation to cash at retirement? YES   Limit? 35 DAYS

Is retiree offered part-time work after retirement? YES

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: MONTHLY ONLY

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS TO AGE 70

Dental: PAID BY COLLEGE FOR EMPLOYEE FOR 5 YEARS TO AGE 70

Additional benefits: PARKING, TUITION FOR EMPLOYEE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 5 YEARS

Triton College

Administrators

Payout based on: BASE SALARY OF LAST YEAR OF FULL-TIME EMPLOYMENT (EXCLUSIVE OF OVERLOADS/STIPENDS, ETC.)

Any early retiree aged 55-69 shall receive an amount equal to 23% of final base salary, beginning the first year of retirement, for up to five years or the age of 70.

A retiree electing to participate in the SURS "early retirement without discount" shall be eligible for college benefits at the compensation level described below:

Age	Percentage of Base Salary for each of Five Years
55	3%
56	7
57	11
58	15
59	19

Faculty

Payout based on: BASE SALARY OF LAST YEAR OF FULL-TIME TEACHING (EXCLUSIVE OF OVERLOADS/STIPENDS, ETC.)

The financial benefits in the faculty plan are the same as for the plan covering administrators.

Classified Employees

There are no financial benefits in the college plan for classified staff. Such staff would use the SURS early retirement option. Classified staff who elect to retire early do receive insurance and tuition benefits. The college also agrees to pay $600 per year on behalf of retirees aged 55-59 to SURS to a total of $3,000 for five years.

EARLY RETIREMENT SURVEY

Waubonsee Community College

PROGRAM ELIGIBILITY

Employees covered by plan: ALL

Required employment status for eligibility: FULL-TIME

Type of application: LETTER

Application submitted to: DIRECTOR OF PERSONNEL

Years of institutional service required for eligibility: 10

Limitation on number of employees beginning plan: NONE

PLAN OPTIONS

Does college allow conversion of accumulated sick leave to cash at retirement ? YES Limit? 25% to 31 DAYS

Vacation to cash at retirement? NO

Is retiree offered part-time work after retirement? NO

Is retiree offered a reduced workload at full salary prior to retirement? NO

EMPLOYEE BENEFITS

Payout schedule options: LUMP SUM ONLY

Insurance benefits:

Medical: PAID BY COLLEGE FOR EMPLOYEE (AGED 55-59) AND SPOUSE TO DEATH

Medical: PAID BY COLLEGE FOR EMPLOYEE (AGED 60-70) AND SPOUSE TO AGE 65

Additional benefits: NONE

Does college provide a pre-retirement seminar? NO

What is the length of the current plan? 3 YEARS

Waubonsee Community College

Age	Cash Payment to Retiree and/or SURS Percent of Last Year's Contract Salary
55	70%
56	63
57	56
58	49
59	42
60	50
61	45
62	40
63	35
64	30
65	25
66	20
67	20
68	20
69	0

The gross amount paid to the retiree would be reduced by the retiree's required contribution to the SURS Early Retirement plan.

APPENDIX B

TABLES OF SURVEY DATA

TABLE OF EMPLOYEE ELIGIBILITY

	Admin.	Faculty	Support Staff	Classified, Counselors, Physical Plant, and Others
Black Hawk	X	X	X	X
Chicago	X	X		
Danville	X	X		
DuPage	X	X		X
Elgin	X	X	X	X
William Rainey Harper	X	X		
Illinois Central	X	X	X	X
Illinois Valley	X	X	X	X
Joliet	X	X		
Lake County		X		
Lake Land	X	X	X	X
Lewis & Clark	X	X		X
John A. Logan	X	X		
Moraine Valley		X	X	
Parkland	X	X	X	X
Prairie State		X		
Rend Lake	X	X		X
Carl Sandburg	X	X	X	X
Sauk Valley	X	X	X	X
Thornton	X	X	X	
Triton	X	X		X
Waubonsee	X	X	X	X

EMPLOYMENT STATUS REQUIRED FOR PLAN ELIGIBILITY

	FULL-TIME	PART-TIME
Black Hawk	X	
Chicago	X	
Danville	X	
DuPage	X	
Elgin	X	
William Rainey Harper	X	
Illinois Central	X	
Illinois Valley	X	
Joliet	X	
Lake County	X	
Lake Land	X	
Lewis & Clark	X	X
John A. Logan	X	
Moraine Valley	X	
Parkland	X	
Prairie State	X	
Rend Lake	X	
Carl Sandburg	X	
Sauk Valley	X	
Thornton	X	
Triton	X	
Waubonsee	X	

APPLICATION PROCEDURE

	Application Form	Letter	Submitted to:
Black Hawk	X		Chancellor
Chicago		X	President
Danville		X	President
DuPage		X	Supervisor/Human Resources
Elgin	X		Vice President/Business
William Rainey Harper		X	Vice President
Illinois Central	X		President
Illinois Valley		X	Dean/Instruction
Joliet		X	Personnel Director
Lake County		X	Vice President
Lake Land		X	President
Lewis & Clark	X		President
John A. Logan		X	President
Moraine Valley	X		Vice President
Parkland	X		President
Prairie State		X	President
Rend Lake	X		Board, President
Carl Sandburg		X	Dean
Sauk Valley	X		President
Thornton	X		Board, President
Triton		X	Vice President
Waubonsee		X	Personnel Director

TABLE OF MINIMUM YEARS OF SERVICE FOR PLAN ELIGIBILITY

	8 yrs.	10 yrs.	15 yrs.
Black Hawk		X	
Chicago		X	
Danville		X	
DuPage		X	
Elgin	X		
William Rainey Harper		X	
Illinois Central	X		
Illinois Valley	X		
Joliet			X
Lake County			X
Lake Land			X
Lewis & Clark	X		
John A. Logan			X
Moraine Valley		X	
Parkland			X
Prairie State			X
Rend Lake	X		
Carl Sandburg		X	
Sauk Valley		X	
Thornton		X	
Triton		X	
Waubonsee		X	

PLAN PARTICIPATION LIMITS

	LIMIT?	WHAT?
Black Hawk	None	
Chicago	None	
Danville	None	
DuPage	None	
Elgin	None	
William Rainey Harper	None	
Illinois Central	None	
Illinois Valley	None	
Joliet	None	
Lake County	Yes	15% of eligible
Lake Land	None	
Lewis & Clark	Yes	15% of eligible
John A. Logan	None	
Moraine Valley	Yes	15% of eligible
Parkland	None	
Prairie State	None	
Rend Lake	Yes	15% of eligible
Carl Sandburg	Yes	1/program/discipline or more
Sauk Valley	Yes	15% of eligible
Thornton	None	
Triton	None	
Waubonsee	None	

PLAN OPTION: SICK LEAVE CONVERSION

	OPTION?	AMOUNT?
Black Hawk	No	
Chicago	Yes	Percentage basis
Danville	No	
DuPage	No	
Elgin	No	
William Rainey Harper	No	
Illinois Central	No	
Illinois Valley	No	
Joliet	No	
Lake County	No	
Lake Land	No	
Lewis & Clark	No	
John A. Logan	Yes	50%/90 days
Moraine Valley	No	
Parkland	No	
Prairie State	No	
Rend Lake	No	
Carl Sandburg	No	
Sauk Valley	No	
Thornton	No	
Triton	Yes	12.5%
Waubonsee	Yes	25%/31.25 days

PLAN OPTION: VACATION CONVERSION

	OPTION?	AMOUNT?
Black Hawk	Yes	100%/40 days
Chicago	Yes	100%
Danville	Yes	100%/30 days
DuPage	Yes	100%
Elgin	Yes	100%/30 days
William Rainey Harper	Yes (Adm.)	100%
Illinois Central	Yes	100%/56 days
Illinois Valley	Yes	100%
Joliet	Yes (Adm.)	100%
Lake County	No	
Lake Land	Yes	100%/30 days (Adm.), 100%/20 days (Staff)
Lewis & Clark	Yes	100%
John A. Logan	Yes	100%/25 days
Moraine Valley	Yes	100%
Parkland	Yes	100%/30 days
Prairie State	No	
Rend Lake	Yes	Current plus 10 days carryover
Carl Sandburg	Yes	150% annual amount (Adm. 100%/30 days)
Sauk Valley	Yes	100%/24 days
Thornton	Yes	100%
Triton	Yes	100%/35 days
Waubonsee	No	

PLAN OPTIONS: EMPLOYMENT INCENTIVES

	POST-RETIREMENT PART-TIME EMPLOYMENT	WORK REDUCTION
Black Hawk	Yes	No
Chicago	Yes	No
Danville	No	No
DuPage	Yes	No
Elgin	No	No
William Rainey Harper	No	No
Illinois Central	Yes	No
Illinois Valley	No	No
Joliet	Yes	No
Lake County	No	No
Lake Land	No	No
Lewis & Clark	No	No
John A. Logan	Yes	No
Moraine Valley	Yes	No
Parkland	Yes	No
Prairie State	Yes	No
Rend Lake	Yes	No
Carl Sandburg	Yes	No
Sauk Valley	No	No
Thornton	Yes	No
Triton	Yes	No
Waubonsee	No	No

PAYOUT SCHEDULE OPTIONS

	Lump Sum	Annually	Quarterly	Monthly	Other
Black Hawk	X				
Chicago	X				
Danville				X	
DuPage				X	
Elgin				X	
William Rainey Harper			X	X	
Illinois Central	X				X
Illinois Valley	X				
Joliet		X			
Lake County		X			X
Lake Land				X	
Lewis & Clark	X			X	
John A. Logan	X	X	X	X	X
Moraine Valley				X	X
Parkland				X	
Prairie State				X	
Rend Lake	X				
Carl Sandburg	X				
Sauk Valley	X				
Thornton			X	X	
Triton				X	
Waubonsee	X				

EMPLOYEE INSURANCE BENEFITS TABLE I

	Medical		Additional Medical		Vision	
	College Paid (Age)	Employee Paid (Age)	College Paid (Age)	Employee Paid (Age)	College Paid (Age)	Employee Paid (Age)
Black Hawk	70					
Chicago	70				70	
Danville		X				
DuPage	65		65+		65	
Elgin		65		65+ (Dep.)		
William Rainey Harper	70 (5 yrs.)		70 (5 yrs.)			
Illinois Central	OPEN (50%)	OPEN (50%)				
Illinois Valley	65 (50%)	65 (50%)				
Joliet	65 (5 yrs.)					
Lake County		65		65-70		
Lake Land		65				
Lewis & Clark		70 (Fac.)				
John A. Logan	69					
Moraine Valley		70 (5 yrs.)				
Parkland		70				
Prairie State		65		65 (dep.)		
Rend Lake		OPEN				
Carl Sandburg	65 (50%)	65 (50%)				
Sauk Valley		OPEN				
Thornton		65				65
Triton	70 (5 yrs.)					
Waubonsee	Death/ 65		Death/ 65(Dep.)			

EMPLOYEE INSURANCE BENEFITS TABLE II

	Dental		Life		Other	
	College Paid (Age)	Employee Paid (Age)	College Paid (Age)	Employee Paid (Age)	College Paid (Age)	Employee Paid (Age)
Black Hawk			70			
Chicago	70		70		X	X
Danville						
DuPage	65		65			
Elgin						
William Rainey Harper	70 (5 yrs.)		70 (5 yrs.)			
Illinois Central	OPEN (50%)					
Illinois Valley						
Joliet	65 (5 yrs.)					
Lake County						
Lake Land				65		
Lewis & Clark						
John A. Logan	69					
Moraine Valley						
Parkland		70		70		
Prairie State						
Rend Lake		OPEN		OPEN		
Carl Sandburg	65 (50%)	65 (50%)				
Sauk Valley						
Thornton		65				
Triton	70 (5 yrs.)					
Waubonsee						

ADDITIONAL BENEFITS TABLE A

	Office	Secretarial Support	Parking	Activity Tickets
Black Hawk			X	
Chicago				
Danville				
DuPage			X	
Elgin				
William Rainey Harper				
Illinois Central	X		X	X
Illinois Valley				
Joliet				
Lake County				
Lake Land				
Lewis & Clark				
John A. Logan				
Moraine Valley				
Parkland				
Prairie State				
Rend Lake			X	
Carl Sandburg				X
Sauk Valley				
Thornton				
Triton			X	
Waubonsee				

ADDITIONAL BENEFITS TABLE B

	Tuition Self	Tuition Family	Other	None Reported
Black Hawk	X	X	X	
Chicago				X
Danville				X
DuPage	X	X	X	
Elgin	X			
William Rainey Harper		X	X	
Illinois Central	X	X		
Illinois Valley				X
Joliet				X
Lake County				X
Lake Land				X
Lewis & Clark				X
John A. Logan	X	X		
Moraine Valley				X
Parkland				X
Prairie State				X
Rend Lake	X	X		
Carl Sandburg	X	X		
Sauk Valley				X
Thornton	X	X		
Triton				
Waubonsee				X

PRE-RETIREMENT SEMINAR

	Yes	No
Black Hawk		X
Chicago		X
Danville		X
DuPage	X	
Elgin		X
William Rainey Harper		X
Illinois Central	X	
Illinois Valley		X
Joliet		X
Lake County	X	
Lake Land		X
Lewis & Clark		X
John A. Logan		X
Moraine Valley		X
Parkland		X
Prairie State		X
Rend Lake		X
Carl Sandburg		X
Sauk Valley		X
Thornton		X
Triton		X
Waubonsee		X

CURRENT LENGTH OF PLAN

	1-3 years	4-6 years	7-10 years	11+ years
Black Hawk	X			
Chicago		X		
Danville		X		
DuPage		X		
Elgin	X			
William Rainey Harper		X		
Illinois Central		X		
Illinois Valley	X			
Joliet	X			
Lake County	X			
Lake Land	X			
Lewis & Clark				X
John A. Logan	X			
Moraine Valley			X	
Parkland		X		
Prairie State			X	
Rend Lake	X			
Carl Sandburg	X			
Sauk Valley	X			
Thornton		X		
Triton		X		
Waubonsee	X			

APPENDIX C

WRITTEN RESPONSES TO THE SURVEY QUESTION: WHY WAS YOUR PLAN INITIATED?

Responses to the question: "Why was your plan initiated?"

To coordinate benefits with state plan.
To satisfy staff interests and needs per staff survey request.
To offer "financial savings" to the college.
As a result of faculty negotiations.
Effective with SURS plan.
Incentive to create staffing flexibility and staff reductions.
Perceived mutual benefit to college and staff.
To encourage early retirement.
To provide for faculty turnover.
To coincide with SURS.
Required by law.
Faculty collective bargaining agreement.

The primary reason was financial. The plan encourages the higher paid, senior members of the staff to retire at least four years prior to the mandatory retirement age in order to recoup the total early retirement benefit. If replaced, the salary for the new employee is substantially less. The ultimate goal is saving money.

Negotiated.
To ease the individual's transition into retired status.
To facilitate the replacement of senior higher paid staff with lower paid employees.
To achieve a long-range budget saving.
To encourage a mix of senior and junior faculty staff members.
We saw need to initiate.
Cost-reduction method, retire high-paid faculty and replace with low-paid.
Desirable alternative to staff reduction caused by age deficiency and/or reduction of staff caused by financial exigency.
To save the college money.
To reduce salary expense and acquire turnover.

APPENDIX D

WRITTEN RESPONSES TO THE SURVEY QUESTION: HOW HAS YOUR PLAN BEEN SUCCESSFUL?

Responses to the question: "How has your plan been successful?"

The plan has received use from every employee group in the college (Faculty, Administrative and Staff). Our plan has among the highest usage by staff of any comparable plan in the state.

(The plan) has reduced the instructional staff at a higher rate than normal attrition would have.

As an incentive to early retirement, (name omitted)'s plan states the retiree may receive 20% of his/her highest annual full-time salary rate during the final average salary period each year for a period up to five years. Ten faculty and one administrator have taken advantage of the plan since 1980. This has proven to be a significant economic saving to (the college) since some faculty were not replaced and those who were, were replaced with lower-salaried faculty.

In addition to the SURS plan, the college will pay 25% of an instructor's salary if they retire between age 60 and age 64 with at least 8 years of service. This encourages faculty not eligible for the SURS program to retire before age 64. It (the plan) is popular with employees and is perceived as a good fringe benefit. (The plan) is positive as a budget aspect in that long term high salary employees retire early and can be replaced by new faculty whose salaries are much lower.

Eight full-time faculty have participated (in the plan) to date. Three faculty positions were not replaced with full-time appointments. The net cost benefit of those eight positions projected through the five year period for each will be a salary cost savings to the college of $383,540, or an average savings of $4,700 per year per retiree.

It's too early to evaluate (the plan).

(The plan has) not been in effect long enough to judge.

(The plan) has encouraged some retirements; (but is) not as effective as we had hoped.

Yes. (The plan) has allowed some people to retire early who were losing (or lost) their effectiveness here at (the college).

Four faculty members have elected to retire under this plan at the end of the current academic year.

Yes.

Yes.

We are only now seeing employees take advantage of this benefit. To date this plan has resulted in a substantial savings in salary dollars. I anticipate that this trend will continue as the college and its staff continue to age. The plan has been effective in two ways:

1. The college has realized a savings in dollars because new hirees tend to be employed at the lower end of the salary schedule, whereas, the retirees are at the upper end of the schedule.

2. (The plan) has allowed the college to bring in new staff with fresh ideas and a vigor which is generally unique to younger staff. Additionally, (the plan) provides more balance to an aging faculty.

Five employees have opted for the plan at a substantial savings in budget and college costs.

Yes.

A few faculty have taken advantage (of the plan) who probably would have retired without a plan. Therefore, (the plan) is not very successful. There are savings with each retirement but money spent for those leaving after age 65 on the early retirement plan is probably unnecessary.

As well as could have been expected.

Yes, approximately 10 staff members are taking early retirement this spring at a savings of approximately $250,000.

Ten people have used (the plan). They were happy with it. The college benefited financially and in those positions replaced, the college has secured younger lower cost employees to fill the positions.

APPENDIX E

WRITTEN RESPONSES TO THE SURVEY QUESTION: WHAT PLAN CHANGES WOULD YOU LIKE TO MAKE?

Responses to the Question: "What plan changes would you like to make?"

Increase the incentive payout. Spread the payments out on a monthly basis during the first year of retirement.

No changes are contemplated.

Nothing.

Provide access to group insurance participation during the years after the 5 year early retirement benefits cease at the age of 65. For example, a person retiring at age 57 would at age 62 no longer have access to the college group insurance program, and would be 3 years short of eligibility for Medicare.

Too early to comment.

Higher monetary incentives.

If the time comes to retrench faculty, an increase in the early retirement benefits may allow more college employees to retire. This may create less of a need for retrenchment.

Permit retirees of community colleges to participate in the health insurance plan through SURS, similar to those for retirees from K-12 or 4 year institutions of higher education.

None at the present time.

We do not provide any college benefit for an employee between 55-60 who has 35 years of service. There is no incentive for them to retire until 60; therefore, they could be drawing the top salaries for a period of time.

A little more formality to (the plan) so as to make it more clear to our employees.

Improve incentive for 55-60 year olds. Reduce the benefits after age 60 to force employees to make a decision. The improvement of employer benefit programs for retirees may be a way of convincing more to leave without any other significant financial adjustment.

No changes contemplated.

Have not discussed making any additional changes at this point.

APPENDIX F

SAMPLE RETIREMENT BENEFIT ANALYSIS FORM

SAMPLE FORM

RETIREMENT BENEFIT ANALYSIS FORM

____/____/____
Date

I. Name ______________________________

II. Age at retirement ____________________

III. Number of continuous years of emloyment at college ____________

IV. Eligibility for SURS early retirement ____________________

A. 60 minus current age = ________

B. 35 years service credit less retiree is number of years of service credit ________

C. SURS early retirement level: Employer ________ %
Employee ________ %

V. Voluntary retirement plan selected ________________________

VI. Medical insurance coverage

A. ________ Employee + spouse covered free until death. Consulting days due to the college to age 65.

B. ________ Employee + spouse covered free until age 69, employee expense after 69 and until death.

C. ________ Employee + spouse covered at own expense until death.

D. ________ None

VII. Sick leave days

A. Employee sick days contribution if medical insurance is accepted

1. 15 years or more of continuous full-time employment

a. Sick leave account balance of 125 days or more, 31.25 days of sick leave pay forfeited

b. Sick leave account balances of less than 125 days
Balance ________ X .25 = ________ days. 31.25 days less ________ days = days on which cash payment to college is due ________ X daily pay ________ = total sick leave payment due the college $(________)

2. Less than 15 years of continuous employment

   a. Retiree pays college for 31.25 sick leave days.
      Salary __________ % number __________ days in work
      year = pay per day __________ X 31.25 days = amount
      due $(__________)

3. Sick leave pay due retiree if 15 years of continuous employment and medical insurance is not accepted

   a. Sick leave balance __________ X .25 = __________
      or 31.25 paid days whichever is lesser X __________
      daily pay = amount due retiree $(__________)

VIII. Cash payment to retiree

Total payment salary __________ X __________ % = $(__________)

IX. Total cash payment due the retiree $(__________)

A. At retirement $ __________
Less: Federal Witholding Tax on
payment to SURS $ __________
on payment to emloyee $ __________

B. Less: State Witholding Tax on $ __________
payment to SURS $ __________
on payment to employee $ __________

Estimated payment to employee $ __________

X. Early retirement payment due SURS for retiree

Retiree contract salary __________ X __________ % = $ __________

XI. Early retirement payment due SURS for college
retiree contract salary __________ X __________ % = $ __________

XII. Total cost to the college $ __________

XIII. Sick leave reportable to college

A. Sick leave balance ____________

B. Yet to Accrue until retirement ____________

C. Balance at retirement ____________

D. Medical insurance reduction ____________

E. Balance reportable to SURS at retirement ____________

XIV. Estimated value of medical insurance

	Paid by College	Paid by Retiree
A. Age 55 - 64 # ______ years X annual cost ________	________	________
B. Age 65 - 69 1. Medicare college supplement # ______ years X annual cost ________	________	________
2. Medicare cost a. Medicare part A cost ________ b. Medicare part B cost ________ c. Total annual cost ________ # ________ years X annual cost		________
C. Age 70 - death 1. Medicare college supplement # ______ years X annual cost ________	________	________
2. Medicare cost a. Medicare part A cost ________ b. Medicare part B cost ________ c. Total annual cost ________ # ______ years X annual cost		________
D. Total cost		
E. Times medical insurance inflation from retirement to death	________	________
F. Estimated total cost of medical insurance coverage from retirement to death	________	________

APPENDIX G

EARLY RETIREMENT SURVEY FORM

EARLY RETIREMENT SURVEY

College Name ______________________________

Person Completing Survey ______________________________

Phone Number (______)____________________

PROGRAM ELIGIBILITY

1. Which employees are eligible to participate in your college's current plan?
   Administrators ______
   Faculty ______
   Other (Who) ______________

2. How many years of service to the institution are required for eligibility?
   ____

3. Which employment status is required for your plan?
   Full-time _____ Part-time _____ No Requirement _____

4. Must service be full-time at the point of retirement? __________

5. Is a formal application required for early retirement? _____ If "Yes," to whom is it submitted? ______________________________

6. How many months prior to program participation must the application be made? ______ If there is a specific "cutoff" date, please state. ______

7. Do you have a limitation on the number of employees who may begin early retirement in any one year? _____ If "Yes," what number or percent?
   ____

PLAN OPTIONS

1. At retirement, is the employee allowed to convert unused sickleave to cash? ______ If "Yes," what amount or percent? __________

2. At retirement, is the employee allowed to convert unused vacation to cash? If "Yes," what amount or percent? __________

3. As an incentive to early retirement, does your plan offer part-time employment after retirement? ______ If "Yes," to what extent has this option been used? ______________________________

   ____

4. As an incentive to early retirement, does your plan offer a pre-retirement reduction in workload at full salary? ____ If "Yes," to what extent has this option been used? ____________________________________

____

EMPLOYEE BENEFITS

1. How may an employee receive benefits?
lump sum ____ annually ____ quarterly ____ monthly ____

Other (please explain) ____________________________________

____

2. What benefits are offered employees? If none, please check here. ____

Medical	____	Until Age	____	College Paid	____	Employee Paid	____
Dental	____	Until Age	____	College Paid	____	Employee Paid	____
Life	____	Until Age	____	College Paid	____	Employee Paid	____

3. What other benefits are offered to the early retirement employee?
____ office space
____ secretarial support
____ free parking
____ discounted or free activity tickets
____ reduced or no tuition for self
____ reduced or no tuition for family members
____ mileage reimbursement for college-requested service
____ other (please specify) ______________________________

4. Is a formal pre-retirement seminar provided? ______________

PLAN EFFECTIVENESS

1. How many years has your current college plan been in effect? __________

2. Why was the plan initiated?

3. How satisfied are you with your plan?

very satisfied _____ satisfied _____ dissatisfied _____

4. How has your plan been successful?

5. If you could make changes in your current plan, what might be altered?

We wish to take this time to thank you for the time and effort you have given to complete this survey. We hope you will find our written report to be helpful to your college.

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